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HOUSE OF COMMONS

First Session—Twenty-second Parliament
1953-54

465
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(STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Respecting

The Report of the Canadian Wheat Board for the Crop Year 1952-53
and

The Supplementary Report of the Canadian Wheat Board on the
1952-53 Pool Account—Wheat

FRIDAY, MARCH 26, 1954

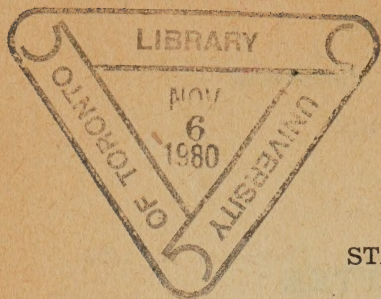
MONDAY, MAY 3, 1954



WITNESSES:

Mr. George H. McIvor, Chief Commissioner, Mr. William Riddel, and Mr.
W. E. Robertson, Commissioners, Mr. C. B. Davidson, Secretary,
Mr. C. E. G. Earl, Comptroller, all of The Canadian Wheat Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and

Messrs.

Anderson,
Argue,
Batten,
Blackmore,
Boucher (*Chateauguay-
Huntingdon-
Laprairie*),
Breton,
Bruneau,
Byrne,
Cardiff
Castleden,
Charlton,
Clark,
Coyle,
Decore,
Demers,
Deslières,
Diefenbaker,
Dinsdale,
Fontaine,

Forge,
Fulton,
Gingras,
Goode,
Gour (*Russell*),
Harkness,
Huffman,
Johnson (*Kindersley*),
Jones,
Kickham,
Kirk (*Antigonish-
Guysborough*),
Légaré
Lusby,
MacKenzie,
MacLean,
Mang,
Massé,
Matheson,
McCubbin,

McLeod,
Michaud,
Montgomery,
Murphy (*Westmorland*),
Perron,
Pommer,
Poulin,
Purdy,
Proudfoot,
Roberge,
Roy,
Schneider,
Stanton,
Stick,
Studer,
Villeneuve,
White (*Middlesex East*),
White (*Waterloo South*),
Wylie,
Yuill,
Zaplitny—60.

(Quorum 20)

E. W. INNES,
Clerk of the Committee.

ORDERS OF REFERENCE

HOUSE OF COMMONS,

WEDNESDAY, December 16, 1953.

Resolved,—That the following Members do compose the Standing Committee on Agriculture and Colonization:—

Messrs.

Anderson,	Fulton,	McLeod,
Argue,	Gingras,	Michaud,
Batten,	Goode,	Montgomery,
Boucher (<i>Châteauguay-Huntingdon-Laprairie</i>),	Gour (<i>Russell</i>),	Murphy (<i>Westmorland</i>),
Breton,	Harkness,	Perron,
Bruneau,	Huffman,	Pommer,
Byrne,	Johnson (<i>Kindersley</i>),	Poulin,
Cardiff,	Jones,	Purdy,
Castleden,	Jutras,	Proudfoot,
Charlton,	Kickham,	Roberge,
Clark,	Kirk (<i>Antigonish-Guysborough</i>),	Roy,
Coyle,	Légaré,	Schneider,
Decore,	Lusby,	Stanton,
Demers,	MacKenzie,	Stick,
Deslières,	MacLean,	Studer,
Diefenbaker,	Mang,	Villeneuve,
Dinsdale,	Massé,	White (<i>Middlesex East</i>),
Fair,	Matheson,	White (<i>Waterloo South</i>),
Fontaine,	McCubbin,	Wylie,
Forgie,		Yuill,
		Zaplitny—60.

(Quorum 20)

Ordered,—That the Standing Committee on Agriculture and Colonization be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

MONDAY, March 15, 1954.

Ordered,—That the Report of the Canadian Wheat Board for the crop year 1952-53, tabled on January 29 last, together with the Report of the Board of Grain Commissioners tabled this day, be referred to the said Committee.

TUESDAY, March 23, 1954.

Ordered,—That the name of Mr. Blackmore be substituted for that of Mr. Fair on the said Committee.

FRIDAY, March 26, 1954.

Ordered.—That the said Committee be empowered to print from day to day, 650 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

Ordered.—That the said Committee be granted leave to sit while the House is sitting.

MONDAY, April 12, 1954.

Ordered.—That the Supplementary Report of the Canadian Wheat Board, on the 1952-53 Pool Account—Wheat, tabled this day, be referred to the said Committee.

MONDAY, May 3, 1954.

Ordered.—That the name of Mr. Harrison be substituted for that of Mr. Roy; and

That the name of Mr. Weselak be substituted for that of Mr. Breton; and

That the name of Mr. Tucker be substituted for that of Mr. Legare; and

That the name of Mr. McBain be substituted for that of Mr. Cole on the said Committee.

Attest.

LEON J. RAYMOND

Clerk of the House.

REPORT OF THE HOUSE

FRIDAY, March 26, 1954.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

FIRST REPORT

Your Committee recommends:

1. That it be empowered to print from day to day, 650 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 64 be suspended in relation thereto.

2. That it be granted leave to sit while the House is sitting.

All of which is respectfully submitted.

RENÉ N. JUTRAS,

Chairman.

MINUTES OF PROCEEDINGS

FRIDAY, March 26, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Blackmore, Cardiff, Castleden, Forgie, Gingras, Goode, Harkness, Huffman, Johnson (*Kindersley*), Jones, Jutras, Kirk (*Antigonish-Guysborough*), Légaré, Lusby, Mackenzie, MacLean, Mang, Matheson, McCubbin, Michaud, Murphy (*Westmorland*), Pommer, Purdy, Roberge, Schneider, Stanton, Studer, Villeneuve, Wylie, Yuill, and Zaplitny.

Mr. Jutras thanked the Committee members for the honour conferred on him by his election as Chairman.

The Chairman outlined the Orders of Reference and explained what matters could properly be dealt with by the Committee.

On motion of Mr. Roberge, seconded by Mr. Jones,

Resolved,—That permission be sought to print, from day to day, 650 copies in English and 250 copies in French of the Committee's Minutes of Proceedings and Evidence.

On motion of Mr. Gingras, seconded by Mr. Huffman,

Resolved,—That the Committee request permission to sit while the House is sitting.

Agreed,—That the Committee consider the Report of the Canadian Wheat Board and then the Report of the Board of Grain Commissioners.

On motion of Mr. Anderson, seconded by Mr. Castleden,

Resolved,—That a subcommittee on Agenda and Procedure comprising the Chairman and 7 members to be named by him, be appointed.

The Chairman requested that Committee members submit all proposed motions to him in writing prior to the moving of such motions.

On motion of Mr. Argue, seconded by Mr. Cardiff,

Resolved,—That the Committee meet again during the week of May 2, 1954, if possible at a time to be set by the Chairman.

On motion of Mr. Purdy, seconded by Mr. Goode, the Committee adjourned to the call of the Chair.

MONDAY, May 3, 1954.

The Standing Committee on Agriculture and Colonization met at 3.30 o'clock p.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Batten, Blackmore, Boucher (*Chateauguay-Huntingdon-Laprairie*), Byrne, Castleden, Charlton, Dinsdale, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jones, Jutras, Kickham, MacKenzie, MacLean, Mang, McCubbin, McLeod, Pommer, Purdy, Schneider, Stanton, Stick, Tucker, Weselak, Yuill, and Zaplitny.

In attendance: Rt. Hon. C. D. Howe, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. George H. McIvor, Chief Commissioner, William Riddell and W. E. Robertson, Commissioners, C. B. Davidson,

Secretary, C. E. G. Earl, Comptroller, and C. M. Chesley, Assistant Secretary; *From the Board of Grain Commissioners:* Mr. R. W. Milner, Commissioner and Transport Controller.

Agreed,—That the Committee hear representatives from The Saskatchewan Wheat Pool Employees Association, The Alberta Wheat Pool, The Saskatchewan Wheat Pool, The Manitoba Wheat Pool, The Northwest Line Elevator Company Association and The United Grain Growers Ltd., when the report of The Board of Grain Commissioners is being considered.

The Committee proceeded to the consideration of the Report of The Canadian Wheat Board for the crop year 1952-53.

Mr. McIvor introduced his colleagues and presented a brief statement on the operations of the Wheat Board.

Part I—General Review:

Sections 1 to 8 inclusive were severally considered and adopted, the Chief Commissioner assisted by his officials answering questions thereon.

At 6.00 o'clock p.m., the Committee adjourned until 11.00 o'clock a.m., Tuesday, May 4.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

May 3, 1954
3.30 p.m.

The CHAIRMAN: Gentlemen, I believe that we have a quorum now. The committee will come to order. Before going on with the business which is slated for this afternoon, I had a request from the Saskatchewan Wheat Pool Employees' Association, who would like to appear before the committee when we consider the Board of Grain Commissioners' report. If it is agreeable to the committee, I will send a reply to them. Is it the wish of the committee that they be heard?

Agreed.

I have also heard from the three Pools' organization, and as a matter of fact the Alberta Pool is represented here. Mr. Plumer and Mr. Griffin are here, and I have been told that the other two Pools wish to be heard when the Board of Grain Commissioners' report is up for consideration. The three Pools, the Northwest Line Elevator Association and the United Grain Growers Ltd. have also said that they would like to attend and reserve the right to be heard during the course of the study on the Board of Grain Commissioners' report.

Mr. ARGUE: Just a point of information. Have you any other submissions coming before the committee in regard to the Wheat Board report that you know of, other than the report itself?

The CHAIRMAN: No. Of course there are the two reports, the report and the supplementary report, but that is all.

Mr. HARKNESS: Before we go on, I would like to raise a point of order. I would like to oppose very strongly holding meetings of this committee at a time when the House is sitting. If it is at all possible, they should be held when the House is not sitting. I think that today is a good example. As far as I know, there is no reason why we should not have met this morning at 11 o'clock instead of meeting at the present time. If we were not finished then, we could go on and meet this afternoon. It seems to me that if there is an opportunity to meet when the House is not sitting, we should certainly take advantage of that opportunity and meet at that time. There will undoubtedly be cases in which it will not be possible, but certainly whenever it is possible I think that we should meet.

Mr. ARGUE: Mr. Chairman, on that point, it would naturally be more convenient if we did not need to meet when the House is sitting, but I think that when we have the Wheat Board officials with us we will have to give some consideration to their regular duties of selling wheat in considering whether we sit in this Committee while the House is sitting. But there is one time when the House is sitting that I am hopeful no move will be made to have this committee meet, and that is during the discussion of the Agriculture estimates. I think it would be very unfair if the discussion of the Agriculture estimates in the House were going on when the Agriculture committee is meeting. Apart from that conflict, I think perhaps that we might sit as little as possible at the same time, but sometimes, if necessary, when the House is sitting.

The CHAIRMAN: I can assure the committee that we will certainly make every effort not to sit while the estimates of the Department of Agriculture are before the House. As far as meeting today is concerned, I must take full responsibility for that. Naturally I would much prefer not to have to call a meeting together when the House is sitting. However, it is one of those things. As Mr. Argue said, the Wheat Board has come a long way, from Winnipeg, and we do not want to delay them in Ottawa any more than is necessary. There is no possibility of any meeting on Wednesday. Two weeks ago when this was planned it appeared that there would be no possibility of meeting Tuesday morning, because three committees had already reserved rooms for that morning, and there was no other room available. I thought that it would be rather unwise to delay until Thursday to have the first meeting of the committee, and I took a chance on Monday at 3.30. From now on we will try—and I will leave it to the steering committee as well to try—to find the best time possible to suit everybody, but you will realize that it is not easy. Now, there is a question on when the next sitting will be. While we are on sittings, would the committee be prepared to sit this evening?

Mr. STICK: Yes.

Mr. HARKNESS: Is it now possible to have a sitting tomorrow morning?

The CHAIRMAN: I think that we have a tentative room available for tomorrow, Room 497 at 11 o'clock.

Mr. ARGUE: If we sit this afternoon and tomorrow morning, that should be making a reasonably good start, I should think.

The CHAIRMAN: Then our next meeting will be tomorrow at 11 o'clock; is that agreed?

Agreed.

Now we have with us at the head table the chairman of the Canadian Wheat Board, Mr. George McIvor, and two of the commissioners, Mr. Robertson, and Mr. Riddel over there. I think that we will have to follow the usual practice. What is the wish of the committee? Should we follow the usual practice and possibly have a short statement from Mr. McIvor on Part I, page 1, and then we can take it by sections: 1, 2, 3 and so on. Is that agreeable to the committee?

Mr. ARGUE: Just what do you mean? I do not follow you.

The CHAIRMAN: It is rather hard to take it page by page because the subject is sometimes split at the bottom of the page. Why not take it by subjects? We will start at "General Comment", and then we will take each in turn, "The International Wheat Agreement", "The Canadian Position", "Legislation", "Wheat Policy", "Crop Development and Supplies", and so on. Is that agreeable to the committee?

Agreed.

Now I will call on Mr. McIvor.

Mr. Geo. McIvor, Chief Commissioner, The Canadian Wheat Board, called:

The WITNESS: Mr. Chairman, Right Hon. Mr. Howe, and gentlemen, I want to assure you that it is a great pleasure for the board to have the opportunity of appearing before your committee to deal with the operations of the board for the crop year 1952-1953 and the subsequent period to the end of January, 1954. Mr. Riddel, commissioner on the board, is on my right. Mr. Robertson, commissioner of the board, is at the end of the table; and we also have Mr. Gordon Earl, our comptroller, and Mr. Davidson, our secretary. Mr. McNamara was unfortunately unable to appear, but we had to leave someone to carry on in Winnipeg during our absence.

If you refer to the report of the board for the crop year 1952-1953, the first item on the report deals with the world wheat production. It makes it clear that there were higher yields in almost all of the exporting countries. It makes reference to the recovery of Argentina as a substantial producer, and the record crop, of which you all know, which was produced in Canada and the United States. There is a comment on our exports. In spite of the increased production, Canadian exports of wheat, including flour, in 1952-53 amounted to 386 million bushels as compared with 356 million bushels in the previous year. American exports declined. Australian exports rose slightly, and Argentina exported some 30 million bushels as compared with 23 million bushels in the previous year.

Canadian exports of oats amounted to 65 million bushels as compared with 70 million bushels in the previous year, and barley was 119 million bushels as compared with 70 million bushels in the previous year.

Mr. Chairman, would you like to deal with each section as you go along?

The CHAIRMAN: Yes, I think as we call the sections. Now are there any questions on No. 1, "General Comment—Crop Year 1952-53"?

1. General Comment—Crop Year 1952-53

World wheat production in 1952-53 was the largest on record. Generally higher wheat yields, together with increased acreages in some countries, brought about increased production throughout most of the wheat-producing world. Total European production was higher than in 1951. Substantial increases were recorded in France, Italy, Western Germany and Sweden, while production in the United Kingdom was maintained at the 1951 level, and a slightly smaller crop was harvested in Spain. Production in Asia was apparently maintained despite sharp declines in India and Pakistan, which were almost matched by large increases in the Near East, notably in Turkey. Total production was substantially higher in the wheat-growing areas of northwestern Africa, while somewhat smaller crops occurred in Egypt and in the Union of South Africa.

Recovering from drought conditions of the previous year, Argentina harvested a larger than average wheat crop estimated at 287 million bushels as compared with some 77 million bushels in 1951-52. Australian wheat production was estimated at 193 million bushels as compared with 160 million bushels in the previous year.

A record wheat crop was harvested in Canada and the United States produced its third largest crop: total wheat production in North America was about one-third above the level of the previous year.

Despite the increased production which took place in all the principal exporting countries and in many importing countries, Canadian exports of wheat (including flour) in 1952-53 amounted to 386 million bushels as compared with 356 million bushels in 1951-52. Exports from the United States declined to 317 million bushels from 475 million bushels in the previous year. Australian exports rose slightly to 95 million bushels from a total of 93 million bushels in 1951-52. Argentina exported some 30 million bushels as compared with 23 million bushels in 1951-52.

During the crop year Canadian exports of oats amounted to 65 million bushels as compared with 70 million bushels in the previous year. Barley exports were 119 million bushels as compared with 70 million bushels in 1951-52.

By Mr. Stick:

Q. Why has the American export declined? What is the reason for that; have you any idea? It is down to 317 million bushels from 475 million in the previous year.—A. Up till last year and for a number of years the Americans had been the leading exporters of wheat, and Canada recovered that position

last year. I think that one of the reasons for the decline was the fact that there were some areas in which the United States was charged with the responsibility of providing foodstuffs, and which had sufficiently recovered their position so that it was not necessary for them to receive the same quantity of imports last year.

Q. What places were they? Have you information on that?—A. There was a big decline in imports into India and into several other areas.

Q. That makes up the difference?—A. Yes.

By Mr. Argue:

Q. Was the American price strictly competitive with our price all the time with relation to quality and so forth?—A. Yes. You all realize that the American price in their home market was higher than the world price, but by the use of a subsidy the Americans maintained their prices on a competitive basis abroad.

The CHAIRMAN: Shall this item carry?

By Mr. Harkness:

Q. The total of the 386 million bushels which was exported in 1952-53 included wheat of the two pools?—A. That is right.

Q. 1951-52 and 1952-53 pools?—A. Yes.

The CHAIRMAN: Shall this item carry?

By Mr. Argue:

Q. The price that the Americans set during the most of that period of time was approximately the same price per bushel as ours or usually somewhat less, or somewhat more?—A. You see there were exports under the International Wheat Agreement and there were exports under what we call a Class 2 basis. In so far as the International Wheat Agreement was concerned, the Americans by the use of the subsidy maintained their wheat on a competitive basis with ours having in mind quality. There were times, however, when their price was higher in Class 2 markets.

Q. Usually higher?—A. Well, for a considerable period of time it was higher, yes.

By Mr. Harkness:

Q. How much of this 386 million bushels was the 1951-52 pool and how much was the 1952-53 pool?—A. It is very difficult to answer that question. I think a little later in the report you will find figures which give the take-over from the one pool to the other, and the 386 million bushels were out of the pool which consisted of the deliveries in 1952-53 and the take over from the 1951-52 crop.

Q. The return by figures shows the sales. This is just the exports. Sales of course, includes not only exports but the domestic sales?—A. No. The later figures will show the take over from one pool year to the other. Under the Canadian Wheat Board Act there is provision for a transfer from one pool to the other.

Q. That bears no relation to the exports?—A. Yes. Both the exports and domestic sales will come out of the take over plus the deliveries for that crop year.

Q. I understand that, but it does not give us a breakdown of how much of this 386 million bushels came out of this pool?—A. You cannot get a breakdown because it is all in the pool once the transfer is made.

Q. There is 386 million bushels and a certain amount was exported and the proceeds were put into the 1951-52 pool and the remainder was put in the 1952-53 pool?—A. Perhaps I can make it more clear. Our sales in 1952-53

were comprised of exports for that year, which were 386 million bushels, plus the domestic sales in Canada. Those were the total sales. The amount of wheat which was taken over from the 1951-52 crop and put into the 1952-53 crop was paid for outright by the 1952-53 pool and became part of the overall quantity of wheat available for sale in 1952-53.

Q. Then, you have not any figures which show the number of bushels exported and not sold domestically for each?—A. We have the figures showing the amount sold abroad.

Mr. HARKNESS: We will leave that for the moment.

By Mr. Jones:

Q. I roughly computed the figures given in number one and I find last year, 1952-53, we of the International Agreement exported from the four countries concerned 828 million bushels, and for the previous year the same four countries exported 947 million bushels, or a decline of 119 million bushels in that one year. How was this taken up, or was the market not there? Was it taken up by other countries or what?—A. The decline was largely in the American figure.

Q. We did not pick it up? The other countries did not pick it up?—A. We did not pick it all up. Our exports actually increased. The decline took place largely as a result of the increase in production in several of these countries who the previous year required large quantities of wheat, owing to their production deficiencies, and to a considerable extent the decline took place in American exports to countries from which they had previously undertaken some obligations with respect to the furnishing of wheat supplies.

By Mr. Castleden:

Q. The increase in production in France and Sweden and some of these European countries show an increase. Is it possible any of those countries might become exporters?—A. Unfortunately they are exporters at the present moment. Sweden expects to export 300,000 tons this year and France at the present moment is exporting a substantial quantity of wheat to the United Kingdom.

Q. And previously these were importing countries?—A. France was an exporter, and importer in a small way. France is recognized as an exporter under the International Wheat Agreement.

By Mr. Mang:

Q. It seems to me that France and Italy have produced as much as Canada?—A. For France this present crop is a record production, and the same applies to Italy, and their combined production would normally be larger than the production in Canada.

By Mr. Argue:

Q. You mentioned France was exporting considerable quantities of grain or wheat to the United Kingdom. Could you give the committee some rough idea of the size of those exports?—A. The business is going on now. I do not know just what quantities they are exporting, but I was in England recently and know they were obtaining some quantities of French wheat which I might add in passing is very similar to their own and certainly some of the people were not too pleased about it. But, there were some quantities of French wheat imported.

Q. 10 or 15 million bushels, or away less than that?—A. I would not like to put a figure on it, because it is a current operation and I do not know what the ultimate figure will be.

By Mr. Stick:

Q. When you say France, do you include North Africa?—A. No. Wheat produced in France. There is some wheat exported from North Africa. They are very large Durum producers and there has been some Durum wheat exported from North Africa, but I think the French wheat entering Great Britain now is largely produced in France.

Q. Where does the North African wheat go?

Right Hon. Mr. HOWE: Those countries both export and import. France has imported some, but not very much this year. North African production of Durum goes to France proper who are large consumers of Durum.

The CHAIRMAN: "International Wheat Agreement".

The WITNESS: This is merely a recital of the events which took place in connection with the operations of the International Wheat Agreement. The first section refers to minimum and maximum prices. The crop year 1952-53 coincided with the final year of the first International Wheat Agreement. Under this agreement which came into effect on August 1, 1949 and extended to July 31, 1953, minimum and maximum prices for wheat were as follows:

Crop Year	Minimum	Maximum
1949-50	\$1.50	\$1.80
1950-51	1.40	1.80
1951-52	1.30	1.80
1952-53	1.20	1.80

Minimum and maximum prices under the International Wheat Agreement were basis No. 1 Northern Wheat in store Fort William/Port Arthur expressed in Canadian currency at the parity of the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1, 1949.

On September 20, 1949 the Government of Canada devalued the Canadian dollar, thereby discounting the Canadian dollar in relation to its parity of the International Monetary Fund as of March 1, 1949. Accordingly, the maximum price of wheat under the International Wheat Agreement (\$1.80 per bushel in terms of gold or equivalently in terms of the United States dollar which remained at par in relation to gold) became \$1.98 per bushel as expressed in Canadian currency for No. 1 Northern Wheat basis in store Fort William/Port Arthur.

This maximum International Wheat Agreement price in terms of Canadian currency continued until October 2, 1950 when the Canadian dollar was allowed to find its own level on exchange markets. On and after this date, maximum and minimum prices under the International Wheat Agreement expressed in Canadian currency became variable as the value of the Canadian dollar fluctuated in relation to its International Monetary Fund parity as at March 1, 1949 or in relation to the United States dollar.

Throughout the crop year 1952-53 the Board's selling prices for No. 1 Northern Wheat under the International Wheat Agreement were at the maximum level provided under the Agreement, subject to fluctuating exchange rates. In August, 1952 the Board's selling price for No. 1 Northern Wheat under the International Wheat Agreement averaged \$1.73 per bushel in Canadian funds. In September the average was \$1.72½ per bushel. From September 1952 through to July 1953 the Board's selling prices for Agreement wheat followed an upward trend, reflecting the decline in the value of the Canadian dollar on exchange markets. In June, Board selling prices under the International Wheat Agreement averaged \$1.79 per bushel and declined slightly in July when the average Board selling price was \$1.78½ per bushel; the foregoing prices being for No. 1 Northern Wheat in store Fort William/Port Arthur and Vancouver.

Discounts for milling grades of wheat other than No. 1 Northern sold under the Agreement were constant throughout the crop year 1952-53, with the exception of the narrowing of the discount on No. 4 Northern Wheat late in the crop year. Discounts for those grades not normally considered suitable for milling were reduced from time to time. On all sales for registration under the International Wheat Agreement in 1952-53, a carrying charge of 6c per bushel was added to the Board selling prices.

Canada's guaranteed quantity under the International Wheat Agreement for the crop year 1952-53 was 235 million bushels and actual registrations of Canadian sales against this guaranteed quantity totalled 231.1 million bushels.

The first International Wheat Agreement came into effect on August 1, 1949 and expired on July 31, 1953.

There is a table giving the exports under the agreement.

Under the terms of the Agreement, Canada exported the following quantities of wheat and flour:

	Wheat	Flour (Wheat Equivalent) (bushels)	Total
1949-50	143,430,983	42,016,285	185,447,268
1950-51	143,767,754	47,115,990	190,883,744
1951-52	193,198,795	48,387,327	241,586,122
1952-53	195,447,240	35,631,035	231,078,275
Total	675,844,772	173,150,637	848,995,409

During the latter part of 1952-53 negotiations were carried on which led to the renewing and revising of the International Wheat Agreement. The revised International Wheat Agreement is effective for the three-year period commencing on August 1, 1953 and ending on July 31, 1956. Minimum and maximum prices under the revised Agreement are \$1.55 and \$2.05 per bushel respectively basis No. 1 Northern Wheat in store Fort William/Port Arthur expressed in Canadian currency at the parity of the Canadian dollar determined for the purposes of the International Monetary Fund as at March 1, 1949. The United Kingdom was not a signatory country to the revised Agreement and consequently the guaranteed exports and imports under the revised Agreement were adjusted. The total guaranteed quantity under the revised Agreement is 421.2 million bushels and Canada's guaranteed quantity under the Agreement is 163.2 million bushels.

The CHAIRMAN: Are there any questions?

By Mr. Harkness:

Q. In the second last paragraph on the left hand side of page 2 I read:

"Discounts for those grades not normally considered suitable for milling were reduced from time to time."

What are the grades which are considered not suitable for milling at the present time?—A. We usually figure that the milling grades of wheat are 1, 2, 3, and 4 Northern; and that the grades of wheat from 5 wheat downward are not ordinarily considered milling grades of wheat, although No. 5 wheat is used for milling under certain conditions.

Q. My point is this: Is No. 5 used for milling?—A. Under certain conditions, yes.

Q. What does that mean "under certain conditions"?—A. For example, we sold No. 5 to Yugoslavia who used it for milling, but we could not sell the same quality to a number of other buyers as they would not consider it suitable for milling.

Q. There are only a limited number of countries which are taking No. 5 for milling?—A. That is right.

Mr. CASTLEDEN: Has Japan not bought some No. 5 from us?

The WITNESS: Japan bought No. 5 from us this week but generally speaking they must use it for special purposes because Japan is used to a high quality market and likes higher grades of wheat.

By Mr. Argue:

Q. I think the report up to this point, where it has listed our export sales together with the quantity of grain we sold under the International Wheat Agreement, proves what many of us have always said namely, that the Canadian Wheat Board method was the right way to sell our grain from the producers' standpoint. The producers have every reason to be well satisfied with the results which the board has obtained for them in conjunction with the operations of the International Wheat Agreement. I do not think many of us are too happy with the present agreement, which is not as large as the former agreement. I wonder if the witness would care to comment on the value that the original agreement has been, and on its size, and how we are getting along with the present restricted agreement?—A. Speaking personally I was very favourable to the International Wheat Agreement. I think the agreement operated well. I think it provided a forum for the selling countries and the purchasing countries to get together at certain periods and discuss their business across the table. I believe the agreement had great value in that respect.

I think, administratively, that it was great credit to the agreement that during the full four years of operation, with the exception of certain technical difficulties concerning carrying charges and so on—it was a remarkable period of administrative efficiency as far as the agreement was concerned.

In the present agreement, of course, as you know, the quantity has been reduced due chiefly to the fact that the United Kingdom is not participating and there are some difficulties which have arisen in regard to the operation of the present agreement. But as a number of those difficulties are under discussion, I think perhaps it would be inadvisable for me to comment on that.

Q. You think that even the modified agreement, realizing it is not as good as the larger agreement, is of real value to the western producers at the present time?—A. To repeat, I think that the first agreement worked extraordinarily well. I was sorry that the second agreement did not provide for the full quantity that was effective in the first agreement, but I do not think that too much emphasis can be placed on the value of exporting and importing countries meeting together in a forum to discuss the various phases of the export trade.

By Mr. Castleden:

Q. I noticed in the I.W.A. exports for 1952-53 that the flour export has dropped off about 25 per cent from 48 million to 35.6 million in round figures. Would you care to comment on why the quantity of flour is not maintaining its percentage?—A. Yes, we were able, during the period of post-war adjustment, when there was a narrow margin between supply and demand, to cooperate with the mills in regards to the sale of large quantities of flour. In some instances those sales would be tied in with the sales of wheat. Many of those countries at that time were purchasers of flour, because their milling industry was run down as the result of the war and had not been sufficiently revived. But now many of the countries have their milling industries restored and they are more interested in purchasing wheat than they are in purchasing flour. The figures here for flour exports—we will have to go over the page to page 6—where a breakdown is shown of the exports—a total of 329,025,828 bushels with flour exports of 56,879,357 bushels, or a grand total of 385,905,185 bushels. The

previous crop year—1951-52—wheat exports were 304 million bushels so that they increased in 1952-53 by about 25 million bushels. The flour exports in 1952-53 increased to 56,879,357 bushels. In the remarks that I just made I was dealing with the current situation in regard to the flour business. Flour exports, I think will be down this year.

Q. That is the total. The other figure was under the agreement. The figures I was giving were under the agreement?—A. Yes and those were the total figures which I gave you.

By Mr. Jones:

Q. How many countries are there that negotiated the recent agreement who failed to ratify and what effect will that have on Canada's guaranteed quantity of 162 million bushels?—A. If you look at the bottom of page 2 under the heading "Canada's Position" you will note these remarks:

"As at the date of this report, the following countries had not ratified the revised International Wheat Agreement: France, Brazil, Italy, Republic of Honduras, Sweden and Yugoslavia".

Now, since that time I think Honduras and Yugoslavia have ratified and I believe Brazil is considering ratification.

Right Hon. Mr. HOWE: I think Brazil decided not to ratify. I believe Brazil said "No". Italy wanted the quantities revised. Honduras, Sweden and Yugoslavia I think, ratified. Brazil still has it under consideration. That is my understanding.

Mr. JOHNSON (*Kindersley*): What is the deadline for ratification or is there a deadline?

The WITNESS: There is actually a deadline but, mind you, I think we are getting into a discussion here which we might find rather embarrassing in view of certain negotiations which are under way, although I could answer your question by saying it is largely at the discretion of the International Wheat Council.

Mr. JOHNSON (*Kindersley*): Fine, thank you.

The CHAIRMAN: Could we go on to the next one?

By Mr. Harkness:

Q. In connection with this matter, certain countries have stated that they will not ratify the agreement that they will not take the quota which is assigned to them. What effect is that going to have on our guaranteed quantity of 163.2 million bushels?—A. Well, I really do not know. The council is meeting this June in London and the whole question will be fully discussed at that time.

Q. I am sorry, I cannot hear you.—A. I said that I really do not know. The council will meet in London in June and that whole question will be discussed at that time. I do not think we should state our views before setting them before the council meeting which will take place in June.

Right Hon. Mr. HOWE: It should be kept in mind that no country is obliged to take its quota unless it is offered to that country at the minimum price. In other words, no country guarantees to take its quota except at the minimum price.

Mr. HARKNESS: But some countries have already indicated that they will not take it—I presume even meaning at the minimum price.

Right Hon. Mr. HOWE: They have not said that.

Mr. HARKNESS: No, but they said they would not take the quota?

Right Hon. Mr. HOWE: They said they would not require wheat this year, but if it were offered at the minimum price they would either take it or violate an international agreement and I do not think they would do the latter. Very few countries would do that.

Mr. ARGUE: I wonder.

Mr. TUCKER: If they took it at the minimum price they could sell it again at a profit.

Mr. MANG: Are all signatory countries represented at that council meeting you spoke of?

The WITNESS: Yes, they are all represented on the council and there are certain countries represented on the executive committee which is a small committee set up to deal with the work of the agreement from day to day. The council meets every six months.

The CHAIRMAN: Does No. 2 carry?

Mr. HARKNESS: There is one other point about the six cents which is added to the buyer's selling price in International Wheat Agreement sales. Does that six cents cover the costs?

The WITNESS: Under the first agreement carrying charges were matters for negotiation between the seller and the buyer. The six cents which would have to be calculated ahead of time just about represents the costs of carrying wheat on an equated basis in Canada.

Mr. HARKNESS: It did not quite cover it, is that what you mean?

The WITNESS: One year it was a little over, and one year a little under, so I would say for the two years it just about worked out right on the button.

The CHAIRMAN: Does No. 2 carry?

Carried.

3. *The Canadian Position*

he most important single factor in the internal grain position in Canada in 1952-53 was the harvesting of the largest grain crop in history, following the large crop of 1951. The extent of grain production in the Prairie Provinces in 1951 and 1952 is illustrated in the following table:

	Average Production 1945 to 1947	Average Production 1948 to 1950	Production	
			1951	1952
Wheat	336	375	529	664
Oats	238	223	340	346
Barley	136	136	234	281
Rye	8	14	16	23
Flaxseed	8	8	9	12
Total	726	756	1,128	1,326

Grain production in the Prairie Provinces in 1951 and 1952 amounted to 1,128 million bushels and 1,326 million bushels respectively as compared with average production of 726 million bushels in the three-year period from 1945 to 1947 and 756 million bushels in the three-year period from 1948 to 1950.

Under the impact of such phenomenal production of grain in the Prairie Provinces, Board operations had to be in terms of a large volume of sales and the largest possible internal movement of grain. Only in this way could adequate quantities of grain be disposed of and producers be given a reasonable opportunity to deliver their farm surpluses.

The WITNESS: Well, this sets out that the most important factor in the internal grain position in Canada in 1952-53 was the harvesting of the largest

grain crop in history, following the large crop of 1951, and the figures in regard to production are set out in the table. The report goes on to say: "Under the impact of such phenomenal production of grain in the prairie provinces Board operations had to be in terms of a large volume of sales and the largest possible internal movement of grain."

The CHAIRMAN: Any questions?

Mr. ARGUE: In your opinion, Mr. McIvor, did the fact that selling our grain through the Wheat Board marketing system have a good deal to do with the other fact that we sold such very large quantities in those two years?

The WITNESS: Well, some people might differ with that statement, but I think that is a statement of fact.

Mr. ARGUE: Very good. You give certain figures for average production from 1945 to 1947 and so forth. Do you not think that the figures set forth from 1945 to 1947 and from 1948 to 1950 are likely to be figures that are below what the average production of Canadian wheat will be in the future?

The WITNESS: Well, certainly on an historic basis I think that is a very sound statement to make. We do not ordinarily run into such a series of large crops as we have had in western Canada and it will be almost a miracle if we were to go on with production on the scale that we have seen in the last two or three years.

Mr. ARGUE: I think you are misunderstanding my question. I am making the point, if I can, that the figures given as average production for 1945 to 1947 and 1948 to 1950 are likely to be a good deal less than the future average production of wheat. Do you not think that the use of fertilizer and improved mechanical methods of production are likely to mean a significant increase in production?

Right Hon. Mr. HOWE: Are you good at guessing?

The WITNESS: We have a crystal ball in the office but we do not use it very often! I think personally, Mr. Argue,—I certainly do not want to be accused of being a pessimist—but I do think that in spite of the increased use of fertilizer and improved methods of production that we will experience short crops again in the west due to weather conditions.

Mr. JOHNSON (*Kindersley*): They will never be as short as they were?

Mr. MANG: Would not the weather be a governing factor?

The WITNESS: Yes, a very important factor.

Mr. MANG: On that point, how do our sales compare with the amount of wheat that we used to grow? Supposing that our average was 330 million bushels a year for a period of years. Our present sales in the past three years have been away above that, have they not?

The WITNESS: Yes, they have. I might best illustrate that by saying that when the government and ourselves were considering the figure of 235 million, which was mentioned at that time as being Canada's share, and consideration of that figure in the face of the production we had up to then, it was an estimate—

Right Hon. Mr. HOWE: As much as the board wanted to take on at that time.

The WITNESS: Yes, and now we have gone up beyond that figure by 100 million. We were thinking in terms of the production at that time in western Canada.

Mr. ZAPLITNY: Is there not another factor, the cultivated acreage as compared with previous years? I wonder if we can get a figure on what the cultivated acreage is at the present time as compared with, say, the previous year or previous two or three years?

The WITNESS: Yes, we can give you that. We will get it for you and have it at the next committee hearings.

Right Hon. Mr. HOWE: It has not changed very much over the years. It was bigger in 1929 than it has ever been since.

Mr. ARGUE: Cultivated or crop acreage?

Right Hon. Mr. HOWE: Crop acreage.

By Mr. Argue:

Q. What is considered now an average acreage on our wheat? Is it about the 25 million acreage figure?—A. Yes, I would say so.

Q. The wheat acreage is not up too much or down too much?—A. Our acreage has changed very little in 25 years in this country, actually.

Q. What is the long-term average production for wheat?—A. Per acre?

Q. Yes?—A. 16·6.

Q. The figures given here for 1945 to 1947 and 1948 to 1950, whether they are under what is likely to be in the future, are under the long-term average?—A. Yes, they are.

Q. So that the board and the producers and Canadians have to look for larger markets in the future on the basis of past experience than we had from 1945 to 1950?—A. I think an answer to that is that we have looked for larger markets, we have experienced larger markets, and even the exports of this year based on normal production in western Canada would be considered very satisfactory. But I think that when you relate them to the records of last year and the year before, of course, they are down. Related to normal production, they would not be out of line.

Q. The total volume of sales from 1945 to 1950 could not have been much higher?—A. No.

Q. Wheat sold of the wheat that was produced?—A. That is right.

The CHAIRMAN: Will No. 3 carry?

Carried.

No. 4, "Legislation".

Two important amendments to The Canadian Wheat Board Act were passed at the 1952-53 Session of Parliament. These were:

- (1) Sections 23 and 24 were repealed and new sections were substituted in order to provide for the expiry of Parts 2 and 4 of the Act on the 1st day of August, 1957.
- (2) Section 29A was added to the Act to provide for the transfer to a special account of undistributed balances of payments due to producers which have been outstanding for more than six years. The use of such money is provided for in the section.

The WITNESS: This refers to the two amendments to The Canadian Wheat Board Act, sections 23 and 24, which were repealed. New sections were substituted in order to provide for the expiry of Parts 2 and 4 of the Act on the 1st of August, 1957. Section 29A was added to the Act to provide for the transfer to a special account of the undistributed balances of payments due to producers which have been outstanding for more than six years.

Mr. ARGUE: That is the scholarship fund?

The CHAIRMAN: Supposedly.

The WITNESS: We call it a special account.

By Mr. Argue:

Q. In connection with the recommendations regarding the distribution of these funds, were any recommendations made to the board by farm organizations, asking that such an amendment be made or some similar plan?—A. I do not recall any representations being made to the board. No, I do not think so.

Q. Did the board make the recommendations for this type of legislation? Did the board make a recommendation?—A. The only thing I can say is that there were discussions between the government and ourselves with regard to this amendment.

By Mr. Johnson (Kindersley):

Q. What advertising policy does the board follow to acquaint people that may have lost track of balances of credits due to them? Some farmer may have ceased operations and lost track of his banking account. What policy does the board follow in trying to acquaint him of the fact that he might have something due to him?—A. I do not think that anybody has worked harder to give money away than the board. We had lists published of the outstanding amounts. We had separate lists made of the producers at every elevator point in western Canada. We sent these out to the elevator agents, asking them to contact these people if they could be found. Mr. Davidson can correct me, but I think that we did that and we repeatedly wrote and tried in every way possible to run this money down so that it could be paid out.

Q. Did you write to the producer himself?—A. We wrote four or five letters over a period of years. In addition to that, we gave our inspectors lists and they drove all over the country trying to find these people.

Q. It is a difficult problem?—A. It is difficult. I do not understand it, but it is a queer quirk of human nature that these things happen.

Mr. ARGUE: If I might make a personal reference, Mr. Chairman I think that it shows how efficient the board is. I sent a letter to someone in the Wheat Board, when I was making out my income tax return, and I asked if he would send me my figures for income in 1953. I got bushels, dates, dockage, and a statement that they had made the necessary inquiries and all the cheques issued had been cashed. I think that with records like that if the Wheat Board cannot find who owns cheques then no one probably can.

The WITNESS: I am happy to hear that.

Mr. JONES: How many amounts are outstanding?

The CHAIRMAN: That will come later. This is just under the heading of "Legislation". Perhaps we can carry that and go on with "Wheat Policy", because you will have an opportunity to get to accounts when it comes up later.

Carried.

No. 5, "Wheat Policy".

Under the authority of The Canadian Wheat Board Act, 1935, as amended, the Board administered an annual pool in respect to wheat delivered to the Board between August 1, 1952 and July 31, 1953.

By Order in Council P.C. 3381 June 23, 1952 (Canadian Wheat Board Regulations) the initial price for wheat delivered to the Board between August 1, 1952 and July 31, 1953 was established at \$1.40 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. Initial prices for the principal grades other than No. 1 Northern were established by the Board and approved by Order in Council P.C. 3903, August 27, 1952. Initial prices for other grades were established as required and approved by Orders in Council.

Under Order in Council P.C. 3381 June 23, 1952 the Board was required to sell wheat for domestic use at the same price as it sold wheat for export under the terms of the International Wheat Agreement. This Order in Council was amended on May 18, 1953 to provide for an interim domestic wheat policy pending the effective date of the revised International Wheat Agreement on August 1, 1953.

By authority of Orders in Council P.C. 1953-216 and 1953-217, February 19, 1953, the initial price of wheat was increased to \$1.60 per bushel basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver, effective March 2, 1953, and an adjustment payment of 20c per bushel was authorized on all grades of wheat, except Durums, delivered to the Board between August 1, 1952 and February 28, 1953. At the same time provision was made for an increase of 25c per bushel in the initial price for Durum grades of wheat, and an adjustment payment in the same amount was authorized on Durum grades of wheat delivered to the Board between August 1, 1952 and February 28, 1953.

The WITNESS: With regard to "Wheat Policy", under the authority of The Canadian Wheat Board Act the board administered an annual pool. By order in council of June 23, 1952, the initial price for wheat delivered to the board was \$1.40. Under the order in council of June 23, 1952, the board was required to sell wheat for domestic use at the same price as it sold wheat for export under the terms of the International Wheat Agreement. Then it deals with the increase in the initial price, with regard to both Spring and Durum wheat.

The CHAIRMAN: Shall No. 5 carry? This is just last year's prices!

Mr. JOHNSON (*Kindersley*): It says that the order in council was amended on May 18, 1953 to provide for an interim domestic wheat policy. What is that policy? Is it the same as that passed under the order in council of June 23, 1952, or has it been changed?

The WITNESS: Mr. Riddell, would you mind dealing with that?

Mr. RIDDEL: Mr. Chairman, the interim policy announced May 18 fixed a domestic price of \$2.05 or the prevailing Class 2 price, whichever was the lower, to meet the prices for domestic wheat during the period between May 18 and July 31. That was prior to the coming into effect of the new wheat agreement.

Mr. JOHNSON (*Kindersley*): I see.

The CHAIRMAN: No. 6, "Crop Development and Supplies".

Wheat acreage in Canada in 1952 increased slightly from the previous year, amounting to 25,995,000 acres as compared with 25,254,000 acres in 1951. All of the increase occurred in the Prairie Provinces. Prairie wheat acreage in 1952 was 25,204,000 acres as compared with 24,385,000 acres in 1951.

Warm, dry weather in the spring of 1952 enabled farmers in the Prairie Provinces to obtain an early start with seeding operations. Seeding was general in most areas by April 21st, and by mid-May most of the wheat and a large proportion of coarse grains had been planted. Moisture reserves at the commencement of seeding were generally above normal following the previous wet fall, resulting in prompt germination and thick stands of grain in most sections of the Prairies. Throughout the growing season precipitation was ample to provide for normal growth requirements except in the southern parts of Manitoba and Saskatchewan, and a few areas in Alberta. Even in these areas, however, good rains were received before serious deterioration occurred, and it was evident by the end of July that a large crop was in prospect. The weather in August was ideal for ripening of grains, and by mid-August harvesting was general in Manitoba and had commenced in some parts of Saskatchewan and Alberta. Despite rather frequent interruptions due to unsettled weather in September, harvesting operations proceeded satisfactorily and by mid-October had, for the most part, been completed.

Wheat production in the Prairie Provinces in 1952 established a new record, being estimated at 664 million bushels as compared with 529 million bushels in 1951. For Canada as a whole, wheat production amounted to 688 million bushels in 1952 as compared with 553 million bushels in 1951.

Wheat production in the Prairie Provinces and for Canada in 1952 is shown in the following table, with comparative statistics for 1951:

	1951	1952
	(Million Bushels)	
Manitoba	52.0	57.0
Saskatchewan	325.0	435.0
Alberta	152.0	172.0
Prairie Provinces	529.0	664.0
Other Provinces	24.0	24.0
Total	553.0	688.0

Supplies of wheat from the 1952 crop were supplemented by the commercial carryover (wheat in country elevators, terminal elevators, mills and in-transit, etc.) on July 31, 1952 amounting to 196 million bushels.

The WITNESS: Here we have the figures of wheat acreage. Wheat acreage increased slightly. Then there is a reference to the growing conditions. Ample precipitation and harvesting operations and wheat production establishing a new record, estimated at 664 million bushels as compared with 529 million bushels in 1951 and then there is a breakdown of production by provinces.

The CHAIRMAN: Are there any questions on that.

By Mr. Charlton:

Q. What quality of Feed Wheat Grade 5 or lower remain now from the 1951-52 crop if any, and the 1952-53 crop?—A. Well, I would say that the amount remaining from the 1951-52 crop would be virtually negligible, and that our supplies from the 1952-53 crop are getting away down.

Mr. RIDDEL: It might be a matter of 20 million remaining from 1951-52 and 1952-53.

The WITNESS: Mr. Riddel suggests there might be 20 million from the two crops, but the remaining supplies would be largely from the 1952-53 crop.

By Mr. Charlton:

Q. And most of the wheat of the poor grades in 1951-52 has been disposed of for feed?—A. No. The lower grades—I mean grades 5 and 6—were disposed of for both milling and feed, and as far as the damp and tough wheat was concerned other than that amount which might be retained from this present crop was all disposed of either by sale or drying, and that is over with the exception of limited quantities which were damp in this present crop in limited areas.

By Mr. McLeod:

Q. In connection with that it says "other provinces 24 million". In British Columbia I understand the only wheat handled by the Wheat Board is in the Eastern Kootenay district, and that will not include the total wheat produced for British Columbia?—A. These are merely the production figures that include Ontario, Quebec, the Maritimes, and British Columbia. They do not relate to the Wheat Board handlings; they are just the total production in Canada of all wheat whether handled by the Board or not; the amount grown in Canada.

Q. But, the only wheat handled by the Board in British Columbia is in the East Kootenay district?—A. Creston, Wyndell, and the Peace River Block of British Columbia.

By Mr. Mang:

Q. Have you some idea of the amount of wheat which went through the driers, a rough idea of how much of that damp grain was dried?—A. Yes, we can get those figures before the committee rises.

By Mr. Castleden:

Q. In the increase in production of 1952 over 1951, the Manitoba increase is about 10 per cent, Saskatchewan 30 per cent and Alberta about 15 per cent. Is that right? Is there any way in which you can arrange for deliveries in proportion to the increase in the production of the provinces?—A. I do not know whether we could live with that kind of an arrangement or not. We are trying to equalize the deliveries as much as we can throughout the western provinces. It is a very difficult problem. At the present time we are trying to get the quotas up to six and seven bushels. There are still a number of points where the quotas are 5 bushels per specified acre. That is as a result of the fact that instead of growing low grade last year our producers grew a tremendous amount of Number 2 Northern.

Q. It was the weather?—A. Yes. With our heavy stocks of No. 2 Northern in the East we do not want to move this grade forward in large volume as this would only block the channels. So, for the time being some of the delivery points are suffering. We are trying to get them up by putting in special orders and arranging with the mills to use No. 2 Northern.

Q. Was there a demand change with respect to No. 2 and No. 4 wheat, and No. 6?—A. The demand has remained fairly constant for the various grades of wheat, but the supply condition has changed. Instead of having spread grades our last year's crop was preponderantly No. 2 Northern.

By Mr. Mang:

Q. If the demand for No. 3 wheat and up continues to be strong, would you consider raising the quotas to say 8 bushels?—A. We only raise the quotas to the extent the demand comes in and if we can make room at the terminals we will raise the quotas. I could not mention a figure here now. The question was asked about drying. I have the figures here. The total bushels artificially dried in 1951-52 by terminal elevators and mills was 107,308,000 bushels of wheat.

The CHAIRMAN: Will we go on to the next question, or come back to it as we have already dealt with it, number 7 exports?

7. Exports

The following table shows exports of wheat, including flour, for the crop year 1952-53: *

	(Million Bushels)
August, 1952	32.0
September	29.5
October	33.3
November	43.1
December	30.4
January, 1953	22.4

February	17·0
March	16·4
April	25·0
May	46·5
June	44·9
July	45·4
	<hr/>
	195·2
	<hr/>
TOTAL	385·9
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As shown above, exports of wheat, including flour, amounted to 385·9 million bushels in 1952-53, as compared with 355·8 million bushels in the previous crop year. Exports in the last three months of the crop year exceeded those of any of the preceding months, averaging 45·6 million bushels per month.

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario

Winter Wheat. Figures subject to revision.

The following table shows 1952-53 exports of wheat and flour by countries of destination:

EXPORTS OF WHEAT AND WHEAT FLOUR*

CROP YEAR 1952-53

Continental Areas and Countries

Area	Country	Wheat	Flour	Total
			(Wheat Equivalent)	
			(bushels)	
EUROPE:				
	United Kingdom.....	101,999,291	21,394,138	123,393,429
	Germany.....	24,113,938	233,001	24,346,939
	Belgium.....	20,860,364	—	20,860,364
	Netherlands.....	15,594,551	—	15,594,551
	Italy.....	13,495,035	75,393	13,570,428
	Jugoslavia.....	10,538,617	54,283	10,592,900
	Switzerland.....	10,202,846	—	10,202,846
	Ireland.....	6,532,999	—	6,532,999
	Norway.....	5,889,269	—	5,889,269
	Spain.....	3,202,046	—	3,202,046
	Austria.....	2,519,007	—	2,519,007
	Denmark.....	2,267,018	675	2,267,693
	Malta.....	1,471,366	—	1,471,366
	France.....	1,287,165	—	1,287,165
	Portugal.....	996,000	55,908	1,051,908
	Greece.....	698,163	52,322	750,485
	Sweden.....	734,084	—	734,084
	Gibraltar.....	—	151,893	151,893
	Iceland.....	—	63,405	63,405
	TOTAL.....	222,401,759	22,081,018	244,482,777

Area	Country	Flour		
		Wheat	(Wheat Equivalent)	Total
		(bushels)		
ASIA:				
	Japan.....	13,946,165	1,015,745	14,961,910
	Pakistan.....	14,450,901	—	14,450,901
	India.....	14,055,765	243	14,056,008
	Lebanon.....	2,198,500	3,410,649	5,609,149
	Philippine Islands.....	—	5,341,203	5,341,203
	Israel.....	2,480,892	12,447	2,493,339
	Ceylon.....	—	1,462,460	1,462,460
	Korea.....	—	1,449,909	1,494,909
	Hong Kong.....	3,417	1,234,850	1,238,267
	British Malaya and Singapore.....	—	419,584	419,584
	Thailand.....	—	279,387	279,387
	Arabia.....	53,886	154,985	208,871
	Indonesia.....	—	90,234	90,234
	Portuguese Asia.....	—	83,295	83,295
	Other Countries.....	59,583	11,421	71,004
TOTAL.....		47,249,109	14,966,412	62,215,521

**CENTRAL AMERICA AND
THE CARIBBEAN AREA:**

	Trinidad-Tobago.....	500	1,876,392	1,876,892
	Cuba.....	1,263,923	103,590	1,367,513
	Jamaica.....	3,950	1,226,061	1,230,011
	Leeward-Windward Islands.....	—	1,019,934	1,019,934
	Costa Rica.....	87,700	385,259	472,959
	Barbados.....	850	339,948	340,798
	Panama.....	—	316,935	316,935
	Guatemala.....	—	282,344	282,344
	El Salvador.....	—	245,907	245,907
	Bahamas.....	—	240,566	240,566
	Haiti.....	—	236,412	236,412
	Nicaragua.....	—	182,884	182,884
	Netherlands West Indies.....	—	169,448	169,448
	Dominican Republic.....	—	121,280	121,280
	Bermuda.....	—	110,826	110,826
	Other Countries.....	6,667	109,210	115,877
TOTAL.....		1,363,590	6,966,996	8,330,586

SOUTH AMERICA:

	Brazil.....	11,089,012	367,695	11,456,707
	Peru.....	5,566,101	65,308	5,631,409
	Venezuela.....	42,375	2,809,778	2,852,153
	Bolivia.....	2,194,575	41,782	2,236,357
	Chile.....	1,477,534	—	1,477,534
	British Guiana.....	—	948,919	948,919
	Ecuador.....	576,864	102,073	678,937
	Colombia.....	82,605	405,630	488,235
	Surinam.....	—	167,927	167,927
	Other Countries.....	—	12,460	12,460
TOTAL.....		21,029,066	4,921,572	25,950,638

Area	Country	Wheat	Flour	Total
			(Wheat Equivalent)	
(bushels)				
AFRICA:				
	Egypt.....	7,425,193	6,479,771	13,904,964
	Union of South Africa.....	5,675,599	—	5,675,599
	Libya.....	772,800	—	772,800
	Morocco.....	—	581,022	581,022
	Belgian Congo.....	7,348	257,508	264,856
	Portuguese Africa.....	204,400	16,308	220,708
	Gold Coast.....	—	136,440	136,440
	Nigeria.....	—	121,415	121,415
	Other Countries.....	—	121,864	121,864
TOTAL.....		14,085,340	7,714,328	21,799,668

UNITED STATES:

Consumption.....	17,133,344	229,031	17,362,375
Milling in Bond.....	5,763,620	—	5,763,620
TOTAL.....	22,896,964	229,031	23,125,995
GRAND TOTAL.....	329,025,828	56,879,357	385,905,185

*Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat. Figures subject to revision.

Western Europe was again the principal market for Canadian wheat, taking 67% of Canadian exports of wheat and 39% of wheat exported as flour. The United Kingdom was the largest individual market for both wheat and flour. Canadian exports to the United Kingdom were 123.4 million bushels, consisting of 102.0 million bushels of wheat and 21.4 million bushels of wheat as flour. Exports to most of the other European countries were higher than the previous year, Germany taking 24.3 million bushels, Belgium 20.9 million bushels, the Netherlands 15.6 million bushels, Italy 13.6 million bushels and Jugoslavia and Switzerland 10.6 and 10.2 million bushels respectively.

Exports to Asiatic countries were some 11 million bushels higher than in 1951-52, totalling 62.2 million bushels. Japan, Pakistan and India were the largest importers of Canadian wheat in Asia, each taking between 14 and 15 million bushels. Exports to Lebanon consisted of 2.2 million bushels of wheat and 3.4 million bushels of flour, while Israel took 2.5 million bushels almost entirely in the form of wheat. The Philippine Islands were again an important flour market, taking 5.3 million bushels, while Ceylon, Korea and Hong Kong each took over a million bushels of wheat as flour. Lesser amounts of flour were exported to British Malaya and Singapore, Thailand, Arabia and other Asiatic countries.

Exports to Central America and to the Caribbean area totalled 8.3 million bushels, consisting mainly of flour. Wheat exports to that area amounted to 1.4 million bushels, of which 1.3 million bushels went to Cuba. Trinidad-Tobago, Jamaica, Leeward-Windward Islands and Barbados in the British West Indies were all important flour markets, while Costa Rica, Panama, Guatemala, El Salvador, Bahamas, Haiti and Nicaragua also took significant quantities. Lesser amounts of flour went to Netherlands West Indies, Dominican Republic, Bermuda and other countries in the Central American and Caribbean area.

Exports to South American countries amounted to almost 26 million bushels, consisting of 21.0 million bushels of wheat and 4.9 million bushels of flour. Brazil purchased 11.1 million bushels of wheat and .4 million bushels of wheat as flour. The other major buyers of Canadian wheat were Peru, Bolivia, Chile and Ecuador, while the principal importers of Canadian flour were Venezuela, British Guiana and Colombia.

Exports to Africa totalled 14.1 million bushels of wheat and 7.7 million bushels of flour. Egypt was the principal purchaser of both wheat and flour, taking a total of 7.4 million bushels of wheat and 6.5 million bushels of wheat as flour. The Union of South Africa imported 5.7 million bushels of Canadian wheat, while Libya and Portuguese Africa imported .8 and .2 million bushels of wheat respectively. Morocco, Belgian Congo, Gold Coast and Nigeria were other African countries taking Canadian flour during the crop year.

In 1952-53 exports to the United States amounted to 23.1 million bushels, of which 5.8 million bushels were for milling in bond. Exports for consumption in the United States were principally low grade wheat for feeding purposes.

WHEAT EXPORTS BY PORTS*

Wheat exports, including Ontario Winter Wheat, through Eastern Canadian ports in 1952-53 amounted to 189.0 million bushels, of which .2 million

bushels went direct from the Lakehead to overseas markets. Pacific Coast clearances were 104.7 million bushels and 8.6 million bushels were exported through Churchill. A total of 26.6 million bushels was shipped to United States destinations, of which 3.7 million bushels were re-exported via United States Atlantic ports.

*Source: Board of Grain Commissioners for Canada. Figures subject to revision.

The WITNESS: There is really no comment to make on those figures. There could be some reference made to the importing countries. You will note that the United Kingdom is the largest buyer. Germany is second on the list and is the second biggest market we have at the moment. Although I do not know what the position will be as compared to Japan this year, Japan has been a heavy buyer of Canadian wheat. Belgium is the third largest buyer and then the Netherlands. Italy was a fairly large buyer last year, but had a big crop this year and bought very little. Yugoslavia took mainly No. 5 wheat. Ireland is quite a large market; their purchasing is down this year. The same applies to Norway and Spain. We had a fair market in Spain, but the Americans have sold wheat in Spain this year on some kind of an arrangement.

The Rt. Hon. Mr. HOWE: On account of construction costs for military basis.

By Mr. Harkness:

Q. Spain is not normally a market. The market in Spain has been due to a succession of bad crops. They are not normally a market?—A. I think Spain is a country that will remain a fair purchaser of wheat. The position is that there is so much of Spain that ordinarily, or normally I should say, suffers from drought that it will remain a fair purchaser of wheat, but they are satisfied with the lower qualities of wheat and anything that will make bread seem to be the type of wheat they are chiefly interested in for the time being.—However, if you go over to the next page you will find heavy purchases by Japan which I think, Mr. Riddel, will be exceeded this year.

Mr. Riddel points out that these are the actual clearances during the crop year, actually cleared from Canada.

With Pakistan we had a big business last year but our American friends have given them wheat this year and taken all the responsibility. India has had substantial increased production and has bought very little wheat this year.

Mr. HARKNESS: How much of that 14 million to Pakistan and India was in the nature of a gift.

Right Hon. Mr. HOWE: About 5 million bushels were shipped under the Colombo Plan.

Mr. HARKNESS: What was the total?

Right Hon. Mr. HOWE: No. There were two lots of 5 million dollars worth each, making 10 million dollars worth altogether, in other words roughly 5 million bushels of wheat in total.

Mr. HARKNESS: So instead of 28 million of sales it is actually 18 million and 10 million gifts?

The WITNESS: For India, \$10 million was the amount.

Right Hon. Mr. HOWE: Yes, with India \$10 million was the amount.

The WITNESS: The Indian sales were all for cash.

Right Hon. Mr. HOWE: \$5 million was from the Colombo Plan funds and for that we got counterpart funds in rupees. We delivered the wheat and the market value of the wheat was paid into the fund in rupees, known as the counterpart fund.

Mr. HARKNESS: That has nothing to do with Colombo Plan aid has it?

Right Hon. Mr. HOWE: Yes, it is Colombo Plan aid. But instead of buying \$10 million of material for Pakistan, we sent over \$10 million of wheat and for that wheat they paid into the fund the equivalent in rupees.

Mr. MANG: Did not Pakistan notify us that she would not accept any more free wheat?

Right Hon. Mr. HOWE: I do not know.

The WITNESS: The only thing I saw was a press report and I have not heard anything more about it.

Mr. HARKNESS: That would be a delivery of about 5 million bushels of this wheat which was really in the nature of a gift?

Right Hon. Mr. HOWE: \$10 million, equivalent to about 5 million bushels for India, yes; about 5 million bushels to Pakistan from moneys available from the Colombo Plan fund.

Mr. MacKENZIE: What has been the average yearly export to the United Kingdom?

The WITNESS: It has been running over the last 4 or 5 years, around 120 million of wheat and flour.

Mr. CASTLEDEN: Is it holding to that this year?

The WITNESS: No.

Right Hon. Mr. HOWE: It is not far from that level.

The WITNESS: Perhaps I should say that in so far as this year is concerned, as most of you are aware, the United Kingdom is using some of her security stock which she had accumulated previously and that has had the effect of reducing her purchases not only from Canada but from elsewhere.

Mr. CASTLEDEN: That would be the security stock they have been holding. Will they not be filling it up again?

The WITNESS: We do not know what they will do in the future but at the present the tendency is, or their present policy is to release it back into ordinary grist and that has been going on for a matter of seven months, or from September of last year.

Mr. MacKENZIE: Previously they were stock-piling.

The WITNESS: Yes.

Right Hon. Mr. HOWE: Have you noticed the exports in paragraph 7, exports in May, 46 million; in June, 44 million; July, 45 million. Those are abnormally high exports and a lot of it was in anticipation of an increase in the maximum under the Wheat Agreement. I think that most countries bought more, anticipating an increase in price.

Mr. ARGUE: Is Britain's stockpile not about used up?

The WITNESS: They do not say. They have not made any announcement in regard to it, but their stockpiles will run to about the end of this month, while their security stocks of flour will go beyond that period.

Mr. ARGUE: They will be buying some wheat, then?

The WITNESS: Yes. They have started again to buy some wheat from the St. Lawrence.

Mr. CASTLEDEN: They will have, or their government has returned to the open market. The government will buy through it.

The WITNESS: The government does not buy at all now. The buying is entirely in the hands of the mills.

Mr. CASTLEDEN: In regard to the situation in Japan, are our sales to Japan holding?

THE WITNESS: They are up this year. Perhaps I might ask Mr. Riddel to comment on Japan because he has just come from there. Perhaps he might give us some information.

MR. TUCKER: With respect to the wheat that we were selling for reserve stock in Great Britain, about what rate or how many million bushels would it be? Have you any idea?

RIGHT HON. MR. HOWE: I do not think that we should give the sales information regarding current position. It is all right for this committee, but it gives useful information to our competitors.

THE WITNESS: I did not mean that. I meant, at what rate was Great Britain buying reserve stocks on the market?

RIGHT HON. MR. HOWE: We do not know.

THE WITNESS: It is a deal between the British government and their own mills. We do not know.

MR. TUCKER: I thought that perhaps the question had been asked in the British Parliament. You say it is against public policy?

RIGHT HON. MR. HOWE: We have not got the answer, anyway.

THE CHAIRMAN: Now, Mr. Riddel.

RIGHT HON. MR. HOWE: Do not give the current sales for this year. You might give the conditions found on your trip.

MR. RIDDEL: With the Canadian grain and flour mission I had the privilege of visiting Japan in January of this year. We had a very excellent reception and had discussions with the various government officials including the officials of the Ministry of Food in whose hands all the buying of wheat is concentrated. They buy the wheat on a tender basis through their trade, and our trade in Canada and in the United States tender the wheat to the Japanese trade from time to time.

Our sales this year have been somewhat higher than last year, particularly the sales of wheat. In addition to wheat we sell considerable barley to Japan. We found on our visit that Canadian wheat is very well liked. They liked the quality of Canadian wheat. It is perhaps better than the average quality of the American wheat which they have been receiving. In fact the Japanese millers told us that if they had their choice, they would like to use all Canadian wheat.

With the large increase in population and the intensive cultivation in Japan, I would think that Japan is going to continue as a good market for Canadian wheat over the years, provided that economic conditions can be maintained and that she can obtain foreign currency with which to buy the wheat, barley and so on.

Japan is always going to be a large importer of foodstuffs. And there has been a tendency during the past few years to swing from the consumption of rice to wheat. This has been brought about principally through two causes: one is the shortage of fuel for cooking purposes in the homes, and the fact that a great many of the women as well as the men are occupied in working during the day. Bread is a much more convenient form of food than cooked rice and the Japanese children, in recent years, have been given lunches at school consisting of two slices of bread with the result that the younger people in Japan have become fond of bread and of other wheat products. The tendency is for them to prefer bread to rice. I am very hopeful that the market will continue and that Canada will obtain a good share of that market.

MR. ARGUE: In that market in the past year we have had the additional factor of American gifts, but we know that the long-term outlook is good. But what is the short-term outlook in the Japanese market?

Right Hon. Mr. HOWE: We have made good sales to them in the last week. Of course we never have all the Japanese market.

Mr. ARGUE: Could we have that information on the sales?

Right Hon. Mr. HOWE: I am afraid not.

Mr. ARGUE: Just on that point, I desire that information. Perhaps Mr. McIvor could give it to us. Is it not the policy of the board or some organization to make these figures public shortly after sales are made? I do not want any information that is not public information. I am not looking for something that is secret and which, if it were disclosed would put the board at a disadvantage. However, I do think, if I am not mistaken, most of this information about export is made public a short time after the export sales have been made?

The WITNESS: Mr. Chairman, that is not board policy. We work, of course, through the exporters in offering to Japan and other countries. They charter freight after they have made their sales so within a day or two it usually follows that the newspapers carry stories of the sale of 10 or 12 cargoes of wheat to Japan or some other country. We do not make any comment ourselves.

Mr. ARGUE: But you do publish figures showing the sales?

The WITNESS: No, we do not.

Mr. ARGUE: Well, who publishes the figures showing the sales?

The WITNESS: They gather it up—

Mr. RIDDEL: Mr. Chairman, the method of procedure is for the Japanese government to notify the Canadian Wheat Board when it wishes to have wheat tendered and our board in return will notify the trade to offer wheat to Japan. Several sales have been made in the past two weeks; eleven cargoes were sold at one time about 10 days ago followed by another three at the end of last week; as these sales are made through the board the information becomes known in the market and through the press.

Mr. ARGUE: How do you account for a Wheat Board publication dated April 30, 1954 which states that—I presume up until that date—Canadian sales through April 27, 1954 to Japan amounted to 11,690,000 bushels of wheat?

Mr. CHAIRMAN: What was the publication? Would you give the name of the publication?

Right Hon. Mr. HOWE: Is it a Bureau of Statistics publication?

The WITNESS: I think it is the International Wheat Agreement publication.

By Mr. Argue:

Q. It is listed at the bottom, "Canadian Wheat Board, April 30, 1954." The publication is entitled—whatever it is—"The International Wheat Agreement Sales and Purchases for crop year 1953-1954, report No. 37 in thousands of bushels."—A. May I explain that? The International Wheat Council publishes those figures in London only dealing with agreement sales. In order to provide the figures so that our flour millers in particular can see what amount of quota is left in the various markets, we merely mimeograph the figures put out by the international wheat council in London and circulate them.

Q. But the figures are correct and they give the sales for the present crop year?—A. They only give the amount that has been registered under the International Wheat Agreement.

Q. Do I take it there have been substantial sales over and above those figures listed for that period of time to Japan—that is the country under discussion?—A. Any sales that were made to Japan, other than International Wheat Agreement sales—and there have been some—would not be in those figures.

Q. Is that a substantial quantity or does this give the rough total figures?
—A. I think that you are trying to get at the amount of wheat!

Q. No, my question was: is this information that is published fully comprehensive or have we made much larger sales to Japan than these figures would indicate? I think that is a fair question.—A. Not only is that information fairly comprehensive, but completely accurate as far as International Wheat Agreement sales are concerned. Those figures are published by the council in London, each two-week period, I think it is.

Mr. RIDDEL: No, each weekly period.

The WITNESS: They are sent to us on a mimeographed sheet, and we have them put out simply as a convenience to our trade. Any quantities we have sold in addition to those would represent the actual sales to Japan combined with those figures and of course if I gave those quantities that would give you the actual amount of wheat we have sold to Japan this year.

By Mr. Argue:

Q. And those figures are not available any place?—A. They are not available publicly, no.

Q. Was there a substantial quantity of Class 2 wheat sold to any countries other than International Wheat Agreement countries?—A. Other than the International Wheat Agreement countries?

Q. Yes?—A. All the United Kingdom wheat is Class 2.

Q. You misunderstood my question. Taking the countries in the International Wheat Agreement that are covered by the report of the International Wheat council, were there substantial quantities of wheat sold to these countries that are not listed as International Wheat Agreement sales of Class 2 Wheat?—A. There has been some sold. I do not know how substantial the figures are. I imagine we have them here.

Mr. RIDDEL: Sales to some countries are quite substantial.

The WITNESS: Yes, and others are very small.

By Mr. Argue:

Q. Would you give me the reason why the quantities sold are not listed as International Wheat Agreement sales? Is it because of the grade involved? —A. No, because the quota of many of these countries under the International Wheat Agreement—and Japan was one—did not cover the total amount of their requirements and they had to purchase wheat over and above the International Wheat Agreement quantities. Sometimes it suits them to register it under the agreement and other times they do it outside the agreement.

Q. So that when countries listed as International Wheat countries are buying wheat as an ordinary practice those sales ordinarily are listed as being made under the International Wheat Agreement until such times as the quota is filled, is that the usual practice?—A. Generally speaking, that is right.

Right Hon. Mr. HOWE: Do you agree with that, Mr. Riddel? I notice sometimes your weekly report says that a country sometimes buys under the I.W.A. and sometimes under Class 2.

Mr. RIDDEL: Some countries buy wheat—both I.W.A. and Class 2—even when the quota is not filled.

The WITNESS: That may be true.

Mr. RIDDEL: Generally speaking, most countries under the I.W.A. endeavour to fill their quota first.

Mr. ARGUE: Do I take it from the statement made—I have not had time to look at it—that Japan has taken her full quota under the International Wheat Agreement?

Mr. RIDDEL: Yes, I think you will find that purchases from the United States and Canada pretty well fill the Japanese quota. The last column shows a small remainder, I believe.

Mr. ARGUE: It is difficult to say whether or not future sales will be listed in this publication?

Mr. RIDDEL: This statement shows that Japan's crop quota for the year 1953-1954 is 36,744,000 bushels. She had purchased and registered, up to the date of this report, April 30th, 11,690,000 bushels from Canada and 24,846,000 bushels purchased from the United States or a total of 36,538,000 leaving only 168,000 bushels of her quota for 1953-1954 unfilled. Any additional wheat she requires to purchase during the balance of the season would have to be Class 2.

Mr. ARGUE: It would not be listed either?

Mr. RIDDEL: No, not on that statement.

The CHAIRMAN: Mr. Dinsdale?

Mr. DINSDALE: Mr. Chairman, Mr. Riddell in his report on the work of the trade commission concentrated pretty well on Japan. I would like to ask him if the commission explored export possibilities in any other Asiatic countries and, if so, what success they attained?

Mr. RIDDEL: Yes, Mr. Chairman, the commission visited Japan, Hong Kong, the Philippines, Singapore, Indonesia, Ceylon, Pakistan and India. Just to give you a brief report on these various countries: We have always enjoyed some flour business in Hong Kong, and we continue to enjoy that business. One feature about Hong Kong now is that a new mill will be in operation in Hong Kong next month; and we succeeded in selling the initial requirements of wheat for that mill. We continue to have quite good flour exports to Hong Kong. The Philippines are purely a flour market, there being no flour milling there. Canada during the past number of years has continued to increase her exports of flour to the Philippines, and during the past year and for the present year we enjoyed over 50 per cent of all the flour imports into the Philippines. The balance is practically all United States flour, with a very small proportion of Australian flour. That is in spite of the fact that the United States flour enjoys a 21 cents-per-hundred-pound preference into the Philippines. The Philippines are a market that realizes the higher quality of Canadian flour, and they want that flour for their market. I feel sure that we will continue to enjoy a large percentage of that market. Singapore, the next point on our visit, is much nearer Australia than Canada, and for that reason obtains a larger proportion of its flour requirements from Australia. We do have some business in that market and during the present year it has continued steadily. Indonesia is much closer to Australia than it is to Canada, and in addition ships from Australia stop at the small islands of Indonesia, which is a great convenience compared with having cargoes delivered at one port, as would be the case with shipments going on the ordinary lines from Canada or from the United States. We have not enjoyed very much business in Indonesia for the past two or three years, but during the time that flour and wheat were difficult to obtain, Indonesia was buying flour from Canada. Ceylon is a country where we have not had very much success in the past year or two, largely on account of foreign exchange difficulties and the fact that Australian flour can be brought in cheaper than Canadian flour. Pakistan, as mentioned earlier, was a buyer in the previous year due to poor crops. Their shortage has been overcome by gifts of wheat from Canada and the United States, in addition to which production this present year has been quite good. India is not likely to buy very much foreign wheat this year, because of good crops. They had excellent monsoons

in the fall and winter and the crop production is reckoned to be close to India's requirements for the whole year. Production there will vary from year to year, depending on the amount of moisture received. From year to year India may become an importer of wheat.

Mr. MANG: Do I understand that in your view we have been expanding our markets satisfactorily in the Orient during the past few years?

Mr. RIDDEL: Yes, I think our markets in the Orient have been expanding during the past number of years, particularly in Japan, the Philippines and Hong Kong.

Mr. MANG: We are not losing any markets?

Mr. RIDDEL: No.

Mr. DINSDALE: Apparently there is a deliberate attempt being made to have Japan adopt western food habits as far as wheat is concerned. Does this apply to the other Asiatic countries as well, and with what success?

Mr. RIDDEL: Not to the same extent. In Japan about 10 per cent of the wheat is used for making into flour for bread products, 40 per cent—which also includes their own domestic production—is used for the manufacture of noodles, and about 10 per cent for the manufacture of cakes and biscuits. There is a tendency for more modern bakeries to be established in Tokyo and the larger cities of Japan. I think bread consumption in 1953 showed a 50 per cent increase over 1952. We are very hopeful that that will continue, because of the policies of the Japanese government. We look for a continued increase in wheat and wheat products and wheat flour consumption during the years to come. In the Philippines, the flour is used largely for the making of a breakfast roll called Pan de Sel. The native Philipinos use this roll for their breakfast, with rice usually as the evening meal. This has been going on for some number of years, and it is likely to continue on that basis. There is also a tendency in the Philippines to establish more modern bakeries with more modern machinery than they have at the present time. Hong Kong has always been a good bread and noodle centre. Singapore does not use very much bread except for the use of the European population. India, Pakistan and Ceylon use their flour not for the making of bread so much, although a small percentage is used for that purpose, but for the making of a product called Chapatti, which is a flat pancake and which they eat with curry and rice and so on.

By Mr. Harrison:

Q. Mr. Chairman, what is the average domestic consumption of wheat in Canada?—A. About 45 million bushels, for human consumption, and about 15 million for animal feeding, out of commercial stock.

Q. Our total exports last year are indicated as about 163 million plus our domestic needs, if you take the period from 1945 to 1950, the average production shows as about 350 million bushels. If we returned to average needs, it would indicate that our present surplus would soon be eradicated.—A. It is not so long since we unfortunately had to turn down customers.

Q. That seems to be indicated by the figures.—A. Directly after the war for about three years this country shipped a million bushels every day, either of wheat or flour, and at the end of that time we unfortunately had to decline sales.

Mr. HARRISON: This might indicate that soon we might have to turn down business.

The CHAIRMAN: We go to No. 8.

Mr. ARGUE: Still on No. 7, we note that the table of exports for the first six months shows 190.7 million bushels, and for the next six months 195.2

million. Are those two figures not much closer for the two six-month periods than is usually the case? Has it not been your experience that usually a substantially larger quantity is sold in the last six months of the year?

The WITNESS: I wonder if Mr. Davidson could deal with that question. He looks after our statistics.

Mr. DAVIDSON: The answer to that question depends primarily on the stock position in Canada. Right after the war, for example, we were very short in the months of June, July and August, and you would not get new wheat in until September and October. That tended to hold down your export shipments in the first half of the crop year. The grain movement gathered momentum as the year rolled along, and the second half tended to be larger. If we have a good stock position in Canada, there is not a great deal of reason for a difference between the two halves of the year; providing demand is steady.

By Mr. Argue:

Q. How would you account for the fact that in 1951-52 there were sold 202 million bushels in the last six months and 151 million in the first six months? I think that approximately that relative position is shown in the last few years. No doubt what you have said is correct as far as wartime goes, but during recent years have you not ordinarily sold a good deal more in the last six months of the year than in the first six months?—A. 1951-52 was an exceptional year.

Mr. ARGUE: And what about 1950-51, was that another exceptional year?

Mr. RIDDEL: I think it was largely a matter of transportation. We sold everything we could move during these periods, and as the transportation kept moving we were able to do more in the last half than in the first half.

By Mr. Argue:

Q. Does the picture now indicate that the transportation is the factor or that it is some other factor? In 1952-53 there seemed to be a change in the relative marketing position in that in the last six months of 1952-53 there was no substantial improvement as there ordinarily was. There were approximately the same sales. If it should be that it is normal that they be about the same, then all one has to do to see where we are at is to look at the sales for the first six months of this year which are public, 138 million bushels. It would seem to me that if the normal pattern is that sales do increase in the last six months that the position is a whole lot better than if there was no increase.—A. I think that on this point it is necessary to look for the reason for increased sales. If for example the domestic crops this summer in the importing countries, particularly European countries, are late, and if they are reduced, their tendency will be to buy from the outside. If, on the other hand, they get an early harvest and the quality is high they will probably cut down on their outside purchases. That is a very important point.

Q. There is nothing you can go by. It is not ordinary, necessarily, that sales increase. They may or may not?—A. No. There are other factors that enter into it.

By Mr. Castleden:

Q. Your production in 1945-50 was 346 million or 375 million, and your sales at that time would pretty well take care of all the crop. Our production, however, since 1951 is now 529 million and 1952 664 million, and our sales picture looks as though it might stay about 386 or 385 million?—A. Last year was a record year. Our sales are down somewhat this year. I do not know what our figure will be this year.

Q. Staying with the 1952 figures, if you are able to maintain the 1952 figures with a production of 664 million, and sales of 386 million it means there will be a larger carrying surplus with the new crop?—A. I am not just sure what your point is Mr. Castleden. I think as I said earlier that a few years ago in respect to our exports we were quite concerned as to a figure of 235 million which seemed at that time quite an adequate figure with respect to exports based on previous experience.

Q. You had to turn down buyers?—A. Yes, and we were working on the International Wheat Agreement figure and wondering about that figure. Now, last year we had record sales beyond I think, anybody's conception. This year our sales are down, but we do not know what the position will be when we come to the end of the crop year. The sales will definitely be down from last year, and the crop production is up, a way up. I think that it can be said that the reason for the accumulated surpluses in Canada after the last crop year are definitely not the lack of sales, but the substantial production in the two previous crop years.

Q. I think we can all agree to that.

The CHAIRMAN: Shall we go on to number 8, transportation?

By Mr. Harkness:

Q. Before we leave this matter of exports, at the top of page 7 in connection with exports to the United States of 23.1 million bushels, of which 5.8 million bushels were for milling, and the remainder principally low grade wheat for feeding purposes, what were the grades of the wheat and the prices we got for them?—A. Mostly No. 6 went into the United States. You are referring now to the low grade wheat?

Q. Yes. Your statement is: "principally low grade wheat for feeding purposes" went to the United States.—A. Yes. It was largely No. 6 and the prices were variable. They ranged from around \$1.55 to \$1.70 I think, somewhere in there. It depended upon the demand position at the time. The price of our low grade wheat going into the United States has a very definite relationship to the price of American corn which is a competitive feed and dependent largely on the position at the time as to price.

Q. This is principally No. 6?—A. Yes.

Q. In feed?—A. No. 6 is a feed grain, but is a higher grade than the feed wheat. There was not a great deal of feed wheat available. Those big surpluses were mostly No. 5 and No. 6 and, going into the United States, there is a provision that on wheat going in with a 30 per cent damaged kernels, there is a 5 per cent ad valorem duty, and in many instances No. 5 would not qualify because No. 5 would not have that amount of damage in it. So, the wheat that went in for feed purposes was to a considerable extent No. 6. There was some No. 5, but No. 6 was predominant.

Q. Was the \$1.70 figure for the No. 5 or No. 6?—A. I would have to look up the figures, but I would say that No. 6 varied from about \$1.55 to \$1.70. This is just from memory. And No. 5 varied from \$1.60 to \$1.80, or somewhere in that direction.

Q. What does the feed wheat sell for?—A. About ten cents less than the No. 6; 8 to 10 cents under No. 6.

By Mr. Johnson (Kindersley):

Q. What was the storage in Churchill last year in the terminals?—A. About 2,250,000 bushels.

Q. The capacity?—A. Yes. The practical capacity. The elevator itself, Mr. Minister, is 2½ million bushels. You built it. The practical capacity would be around 2,250,000 bushels, I think.

Q. What is it at the head of the lakes?

The Right Hon. Mr. HOWE: 93 million. They got in actually 84 million this year.

Mr. JOHNSON (*Kindersley*): In 1952-53 the wheat through the eastern Canadian ports amounted to 189 million, or a little better than double the capacity, and at Churchill it was 8.6 million or nearly three times the capacity, so that it would seem that by increasing the capacity at Churchill you would get more than a proportionate advantage?

The Right Hon. Mr. HOWE: You would get a faster turnover with a small grain elevator. There is more cleaning and unloading equipment in proportion to storage capacity. Some of that capacity at Port Arthur is just chunks of storage.

Mr. JOHNSON (*Kindersley*): I see.

The CHAIRMAN: Is that under No. 8, "Transportation"?

The WITNESS: Are you dealing with transportation now?

The CHAIRMAN: Very well. Let us go to No. 8, "Transportation".

8. Transportation

The grain movement in Canada in 1952-53 constituted an outstanding achievement on the part of all agencies of transportation. The railways moved the unprecedented volume of 742 million bushels of grain from country elevators. As a result, producers in the Prairie Provinces were able to deliver an all-time record of some 830 million bushels of grain at country delivery points. Lake carriers moved 458.6 million bushels of grain from the Lakehead to Eastern Canadian or United States destinations and kept pace with the movement required to meet eastern domestic requirements and export movements. The railways provided the necessary transportation for the rail movement of grain from Georgian Bay ports and other inland ports to St. Lawrence ports and the necessary transportation to sustain a large movement of grain from Maritime ports. Pacific Coast requirements were fully met by the railways.

The following table summarizes the main movements of western grain in 1952-53, along with comparative figures for 1950-51 and 1951-52:

	1950-51	1951-52	1952-53
	(million bushels)		
Shipments from country stations	480	672	742
Receipts—Pacific Coast	63	124	124
Receipts—Fort William/Port Arthur	318	453	531
Shipments from Fort William/Port Arthur (Lake and all-rail)	283	471	513

In the various grain movements which are described in this Report, the Board wishes to acknowledge the co-operation of Mr. R. W. Milner, Transport Controller, the Canadian Pacific Railway, the Canadian National Railways, the Northern Alberta Railways Company and the lake boat operators. The Board also wishes to acknowledge the work of the Commissioners and staff of the Board of Grain Commissioners for Canada for their part in facilitating and expediting the large grain movement in 1952-53.

The WITNESS: I should just like to say with regard to transportation that due to the co-operation of the Transport Controller—I understand that he is here today—I would like to say in his presence that we have received the finest kind of co-operation from Mr. Milner. Due to co-operation by the railways and the lake carriers, it was possible to move the maximum quantity of

grain during the crop year. I think a very big job was done and we appreciate, as a board, the assistance that we received from Mr. Milner who directed the work of the railways and the lake shippers in the movement of that volume of grain.

I might add that we work very closely with Mr. Milner. We keep him informed of our requirements and he works closely with us, both with regard to the general movement of grain and the movement of grain for the relief of certain areas in western Canada.

The CHAIRMAN: Are there any questions?

By Mr. Johnson (Kindersley):

Q. Is the general procedure at the start of the crop season to move the grain from the points which are closest to the terminals? I think they follow that practice and it means that Manitoba and the Alberta points that are shipping to Vancouver will have their quotas filled much more quickly than those that are in central Saskatchewan and who will suffer as a consequence. —A. There have been years when, in order to meet the requirements of the grain at the lakehead we have had to get "the quickest and the most". But that is not the position today.

Q. No.—A. And actually I think that the three provinces have had a pretty fair shake as far as marketing was concerned. This year actual marketings relative to deliverable grain, up to the 21st of April were: in Manitoba wheat 61 per cent; in Saskatchewan 42; in Alberta, 53; and the average for the three provinces is 46.

By Mr. Argue:

Q. That is the percentage for wheat?—A. Yes, the actual percentage relative to deliverable wheat; the deliverable quantity. Now, when you take into account the terrific production in Saskatchewan I think that is a pretty good showing.

Now with regard to oats, the figure for Manitoba is 54 per cent; for Saskatchewan, 47; for Alberta 57; and the average for the three provinces, is 51.

With regard to barley, for Manitoba it is 53; Saskatchewan, 40; Alberta, 47; and the average for the three provinces is 46.

MR. JOHNSON (*Kindersley*): That is in terms of last year's crop?

The WITNESS: Up to the present time.

MR. JOHNSON (*Kindersley*): Oh.

By Mr. Argue:

Q. Have you got the bushels? You said Saskatchewan was 42 per cent, but how many bushels?—A. Yes. In Saskatchewan, as I mentioned, from August 1 to April 21: I will give you the various provinces in millions of bushels: Manitoba wheat, 26·8; Saskatchewan, wheat, 164·7; Alberta, wheat, 83·6. Total wheat, 275·1.

If you would like to put last year's figures under those figures, and for the same period of time, Manitoba wheat was 33·1; Saskatchewan wheat, 228·9; Alberta wheat, 98·9; and total wheat, 360·9.

In regard to oats, (in millions of bushels), Manitoba, 12·6; Saskatchewan, 31·8; Alberta, 23·1; and the total, 67·5.

For 1952-53: Manitoba, 14·1; Saskatchewan, 31·2; and Alberta, 24·7.

Perhaps I should point out that in regard to oats Manitoba is down from last year, while Saskatchewan and Alberta are practically the same as in 1952-53. The total for last year was 70 million bushels in the three provinces.

For barley, (millions of bushels), Manitoba, 20·4; Saskatchewan, 24·8; Alberta, 25·9; and the total, 71·1.

For the previous year, Manitoba was 31·7; Saskatchewan, 36·4; Alberta, 44·4; and the total, 112·5.

By Mr. Johnson (Kindersley):

Q. That would be reflected in the way you shipped; without the increased quota there would have been a higher proportion in Alberta as compared with Saskatchewan?—A. Yes. I can give you those figures and the quotas if you would like to have them.

Q. Yes.—A. You must remember that in regard to Alberta we have had a record movement through Vancouver; and in regard to Manitoba and Saskatchewan we have had quite a substantial movement of Durum wheat and flax seed which are outside delivery quotas.

Mr. ARGUE: Have you the acreage figures on which those were delivered?

The WITNESS: Perhaps Mr. Riddel would have them.

Mr. ARGUE: Could we get them?

Mr. RIDDEL: I think this makes a better picture. The delivery situation in the three provinces has been based on acreage as shown according to the permit books of the producers. Manitoba farmers have delivered 11·06 bushels of wheat per seeded acre up to April 16 compared with 9·08 bushels per seeded acre in Saskatchewan, and 11·52 bushels per seeded acre in Alberta. And the total of all grain delivered in the three provinces, that is, wheat, oats, barley and rye—leaving out the flax—the average for Manitoba is 9·31 bushels per seeded acre; for Saskatchewan 8·78; and Alberta, 9·18. That shows a much closer relationship on a seeded acreage basis.

Mr. ARGUE: Have you the total acreage on which this is based?

Mr. RIDDEL: Yes. The acreage is for all three provinces.

Mr. ARGUE: I would like each one separately.

Mr. RIDDEL: For Manitoba the acreage was 2,488,643.

Mr. ARGUE: That is the cultivated acreage?

Mr. RIDDEL: That is seeded to wheat.

Mr. ARGUE: I meant the cultivated acreage.

Mr. RIDDEL: I have not got that. You mean taking in summer fallow.

Mr. ARGUE: Yes, on which the totals are based.

The WITNESS: The specified acreage.

Mr. ARGUE: Just the cultivated acreage, I think.

The WITNESS: We have those figures.

Mr. RIDDEL: I have not got them. This was a statement of the average based on the seeded acreage for each of the grains relative to this crop year.

Mr. JOHNSON (*Kindersley*): Why do you compare it with the seeded acreage when the totals are based on the cultivated acreage?

Mr. RIDDEL: It is merely a suggestion to show how much producers have delivered in each of the three provinces relative to the acreages which they show as seeded in accordance with the 1953-54 permit books.

Mr. ARGUE: But you did not give us the figures for last year at this date?

Mr. RIDDEL: No, I have not got them available for last year.

Mr. ARGUE: Could you get them?

Mr. RIDDEL: We could, probably. I think we have last year's.

The WITNESS: I gave you the total but we shall try to get them for you for last year. We have not got them here.

By Mr. Harrison:

Q. Some tribute has been paid by Mr. McIvor to Mr. Milner and I should like to add my own at this time. The Right Hon. Mr. Howe will recall that there was some criticism of grain handling at Meadow Lake last summer when he was out there. The problem was turned over to Mr. Milner and the last time I was home the very person who had done the most criticising said that there had been the best grain handling in the history of that point, and that the minister should have a medal. I thought perhaps we might pin one on Mr. Milner.—A. We appreciate those remarks very much, but he will be very hard to live with from now on. Here are the totals and I think you will be interested in them.

The CHAIRMAN: Is that up to date, now?

The WITNESS: This is at the 29th of April and is given by the various categories: in Manitoba five bushels per specified acre, 308 shipping points; six bushels per specified acre, 32 shipping points; seven bushels per specified acre, 40 shipping points. That makes a total of 380 shipping points.

In Saskatchewan, five bushels per specified acre, 943 shipping points; six bushels per specified acre, 93 shipping points, seven bushels per specified acre, 73 shipping points—a total of 1,109 shipping points.

In Alberta five bushels per specified acre, 259 shipping points; six bushels per specified acre, 127 shipping points; seven bushels per specified acre, 198 shipping points—a total of 584 shipping points.

I might say in regard to Saskatchewan that we are shipping at the present time some No. 2 northern wheat from Saskatchewan to Vancouver and the reason we are doing that is to help out in some of the difficult points. We are shipping at the present time some No. 6 wheat from Alberta to the lakehead to take care of the American demand. We do not have that type of wheat in Saskatchewan. The stock there is pretty well shipped out so the one movement will offset the other. However, I would like to point out that we are shipping No. 2 northern wheat to Vancouver because we think it is only fair.

Mr. JOHNSON (*Kindersley*): Which areas of Saskatchewan would that be, do you know off hand?

Mr. RIDDEL: Roughly, a line drawn from Saskatoon south. Stocks west of there are going to Vancouver. Where the freight differential in favour of Fort William is four cents per hundred pounds or less we are shipping from Saskatchewan to the Pacific coast.

Mr. JOHNSON (*Kindersley*): Grain could be shipped out of there without a specific mill order?

Mr. RIDDEL: Yes, grain can be shipped on the orders of the board and we are placing orders from time to time. I should state we have to limit the quantities. I should not give the impression these are general shipping orders because they are not.

Mr. JOHNSON (*Kindersley*): I was not familiar with that at all. Thank you.

By Mr. Argue:

Q. How does Saskatchewan have 943 shipping points out of 1,109 on a 5 bushel quota? What proportion of that 943 are getting very close to the five bushel quota?—A. Mr. Davidson, have you any figures on that?

Mr. DAVIDSON: I do not think we have them with us.

By Mr. Argue:

Q. The producers at the 943 point in Saskatchewan are in a pretty tough financial position as I am sure the board is aware at the present time and on the basis of the figures we have been given that is where the relief is needed.—A. Do you have the figures, Mr. Riddel?

Mr. RIDDEL: Yes.

The WITNESS: I thought we would not be able to get them until tomorrow but I understand that we have the figures here.

Mr. RIDDEL: These figures are necessarily a little bit behind. This is dated April 16. You can understand that it takes a week or two in order to prepare the information. As of April 16, 75 points in Saskatchewan had delivered 70 per cent or less of the five-bushel quota; 270 had delivered 71 to 80 per cent; 451 had delivered 81 to 99 per cent; 231 had delivered 100 per cent of the five-bushel quota; 58 had room for the six-bushel quota and 22 had room for the seven-bushel quota.

Mr. ARGUE: I take it that the board does not increase the quota until there is space?

Mr. RIDDEL: That is right. We have not increased any quotas from five to six until there has been sufficient space to take the additional bushels.

Mr. ARGUE: That sounds like an excellent policy—I think it is a new one.

Mr. RIDDEL: Saskatchewan has 22 points with sufficient room for the seven-bushel quota. No further shipments are made from there because other stations require the cars.

By Mr. Argue:

Q. Do you think there is a fair possibility of producers getting in the seven-bushel quota in western Canada before the end of the crop year?—A. That is what we are endeavouring to do.

Q. And do the chances of your reaching that objective appear reasonably good?—A. Yes.

Mr. CASTLEDEN: Could you give us the same figures for the other provinces?

Mr. RIDDEL: In Manitoba there are only seven stations which had 70 per cent or less of the five-bushel quota delivered; 20 had between 71 and 80 per cent delivered; 171 had between 81 and 99 per cent delivered; 124 had 100 per cent delivered; 22 stations were on the six-bushel quota and 28 stations were on a seven-bushel quota, making a total of 379 stations. In Alberta four stations had delivered 70 per cent or less of the five-bushel quota; three had delivered from 71 to 80 per cent; 60 stations had delivered from 81 to 199 per cent; 289 had room for the five-bushel quota; 96 had room for the six-bushel quota and 134 had room for the seven-bushel quota, making a total of 586.

By Mr. Castleden:

Q. I think those figures reveal, Mr. Chairman, that although Saskatchewan had an increase of 30 per cent in her crop production last year as compared with Alberta's 15 per cent and Manitoba's 10 per cent, that the possibilities of delivery are very much lower?—A. That is quite true. I think I tried to explain a little earlier that in so far as the province of Alberta is concerned, Vancouver has experienced record exports of grain and we had that very much in our minds when we decided to ship wheat from Saskatchewan to Vancouver rather than shipping it from Alberta. We have No. 2 northern wheat in Alberta but we thought we should help out these points in Saskatchewan as much as we could in order to give relief.

By Mr. Harkness:

Q. When you said that some of the provinces had achieved 100 per cent of their five-bushel quotas that means the estimated amount of wheat that you think should make up the five-bushel quota has been delivered there and it does not mean that every individual farmer has delivered his quota?—A. Yes, it does.

Q. What about the situation which I know prevails in a certain number of points—and about which I know personally—where certain farmers have not been able to deliver it because their grade of wheat was one for which there was no room in the elevator. For instance, the elevators could take No. 3 but could not take No. 2 because the space was all taken up and the bins were apparently filled with No. 2 although they could take in some No. 3 wheat, and so on?

The WITNESS: Where is that, Mr. Harkness, is that in Alberta, may I ask?

Mr. HARKNESS: There are two or three points just south of Calgary.

Right Hon. Mr. HOWE: Those are the non-resident farmers, are they not?

By Mr. Harkness:

Q. I think most of them are farming the land there.—A. Mr. Harkness, I had a letter from Brant, Alberta, the other day, which touched on that subject. You know Brant, south of Calgary.

Q. Oh, yes.—A. Although the man was complaining that he could not deliver this grade of wheat, the situation was that although there was space at the point, he wanted it delivered at one elevator and that particular elevator could not take in that particular grade. The following day I had another letter from him saying that some cars had gone into that point and he was able to deliver his wheat to that elevator. That may be the case he talked about.

Q. I heard these complaints along that line, that people had a certain grade and they were told that if they didn't have a certain grade they could not deliver the wheat they had.—A. Is that the Macleod line?

Q. Yes.—A. We have not run into those complaints, other than this.

Q. Generally speaking, when you say that the 5 bushel quota has been delivered, it means that every farmer has delivered his 5 bushels?—A. That is right.

Mr. ARGUE: If we are on complaints, I wonder if the chairman heard anything from Minton, Saskatchewan, about farmers that drove their loaded trucks to the elevator, according to the Regina Leader-Post, on the 22nd day of December, and left the trucks there. They were not able to unload them on that day, and they decided to leave them there until they could be unloaded, and as of two weeks tomorrow the trucks were still there with the wheat in them.

The WITNESS: I must say that I have heard a good deal about Minton, Saskatchewan. What is the situation there? It was not quite as bad as the newspapers made out.

Mr. ARGUE: It was on the front page of the Regina Leader-Post, with pictures.

Mr. CASTLEDEN: How does your transport controller work? How do you allocate the amounts and arrange for the deliveries? Do you specify Saskatchewan or any particular point?

Mr. RIDDEL: When we wish to ship specific grades of wheat to the lake-head, we place orders with the company in proportion to the stocks or in proportion to the number of elevators in the locality. We ask the companies to submit to us a list of the stations from which they intend to ship, giving first preference to stations with less than 70 per cent of the 5 bushel quota delivered,

and if they cannot fill their orders, then from 70 to 80, or 80 to 90, or 90 to 100 per cent. After these lists have been checked we approve a shipping order from these stations. The situation in Saskatchewan has arisen largely from the fact that this last crop was a predominantly No. 2 Northern crop. We have had sufficient supplies of No. 2 Northern at the lakehead and in eastern positions to meet our demand for some time. We have made sales of No. 2 Northern to be moved at the opening of the St. Lawrence navigation, and our next order from Saskatchewan will contain quite a large quantity of No. 2 Northern wheat, which will relieve the situation at many of these stations where the complaints are now coming from.

Mr. CASTLEDEN: You ask the grain companies to deliver so many carloads?

Mr. RIDDEL: Yes.

Mr. CASTLEDEN: Do you decide the amount, or does the transport controller?

Mr. RIDDEL: We obtain the approval of the transport controller to make the total shipments, and we notify the railway companies of the points from which the shipments are to be made.

Mr. JOHNSON (*Kindersley*): How are these mill orders made up? In many of the points in my area they are selecting certain grains with high protein content. Some people say that they are getting the mill orders because they have high protein wheat. In other cases they say, "You are not getting the orders because you have not a high protein content." Is that a significant factor in the milling companies in requesting wheat from you, or how does that whole set-up operate?

Mr. RIDDEL: The various mills place their orders for so many cars of wheat and the orders are distributed in the proportion agreed upon. The elevator companies can then ship the wheat from any station where the mill would like to obtain the wheat provided the station is not now on a 7 bushel quota.

Mr. JOHNSON (*Kindersley*): The mill specifies the grade, not the protein content?

Mr. RIDDEL: The protein content so far as the Wheat Board is concerned, is not a factor in the grading of wheat. Sometimes the mills prefer a wheat with a higher protein content in order to sell flour in certain high quality markets and they then make arrangements for it to be shipped from certain districts.

Mr. JOHNSON (*Kindersley*): How do you allocate the cars among the various elevator companies? Do you give each elevator company the same number of cars, or what formula do you use to designate the percentage of mill orders the various companies receive?

Mr. RIDDEL: Sometimes on the basis of stocks carried by the elevator companies and sometimes on the proportion of the number of elevator in the area in which we are shipping.

Mr. JOHNSON (*Kindersley*): The Board decides the allocation of the cars to the pools or line companies?

Mr. RIDDEL: We decide the number of cars that each company will receive on a specific order. The elevator company is asked to allocate these cars to stations in accordance with the percentage of deliveries made under the 5 bushel quota, giving first preference to the points where most of the percentage has been delivered. They submit the list to the Board and if it appears in order we notify the railway company to supply cars at those points.

Mr. JOHNSON (*Kindersley*): How long has that arrangement been in force?

Mr. RIDDEL: Since about the close of navigation this year.

Mr. ARGUE: Is that type of policy followed with the shipment of other grain?

Mr. RIDDEL: Yes.

Mr. ARGUE: Or just mill orders?

Mr. RIDDEL: It applies also to other grain.

Mr. DAVIDSON: The elevator company places the order with the railway company for the individual car and, if it is on the approved list of the railway company, the car is supplied.

Mr. ARGUE: If you look over a given marketing point and find at that marketing point that a certain elevator has a substantially larger quantity suitable for mill orders than some other company at that point, do you give the company with the largest stocks the preference?

Mr. RIDDEL: No. The company decides the point from which mill shipments will be made.

Mr. ARGUE: Which company?

Mr. RIDDEL: The elevator company receiving the portion of the mill shipment.

Mr. ARGUE: The Wheat Board allocates a total quantity to the various elevator companies?

Mr. RIDDEL: That is right.

Mr. ARGUE: Does that account for the fact that the Saskatchewan Wheat Pool has been able to accept deliveries of a smaller percentage of deliverable grain this season than a year ago?

Mr. RIDDEL: I do not think so, Mr. Chairman. Dealing with the Saskatchewan Pool I would say that the number of elevators and the percentage of storage capacity which they have is smaller in relation to their proportion of probable deliveries than is the case with other grain companies.

Mr. ARGUE: That is not the information I have. Tell me if this is incorrect? My information is that the Saskatchewan Wheat Pool—it could be somewhat wrong, but this is the information—the Saskatchewan Wheat Pool has 43 per cent of the elevator space in Saskatchewan and for the first time for a great many years it is now handling less than 43 per cent of the grain, for the first time, I would imagine, in all history. Certainly for the first time in the life of the Board the orders coming to the Saskatchewan Wheat Pool have been reduced on a proportionate basis, or some other reason is involved which has resulted in the Saskatchewan Wheat Pool losing the position which it had a year ago, and to some extent the position has worsened.

Mr. CASTLEDEN: It has the lowest percentage of handlings now that it has had in the last 12 years, or compared with the last 12 years; they have the lowest percentage now than for the last 12 years, and the allocation of cars has had greatly to do with it. As a matter of fact, some orders have been handed to them by the wheat board.

Right Hon. Mr. HOWE: I think this discussion had better be held when the transport controller appears before us and we can discuss definite situations. He has very complete knowledge of the subject, and I think we should let it go until he is here.

Mr. ARGUE: I do not think I am at variance with the suggestion made by the minister just now, but there is no outlet for grain held by an elevator company in western Canada, that is, the main grains other than through the Canadian Wheat Board.

Mr. RIDDEL: That is right.

Mr. ARGUE: They have to sell through the Canadian Wheat Board?

Mr. RIDDEL: That is right, and the only shipments that can be made are shipments which are authorised by the Canadian Wheat Board.

Mr. ARGUE: Will you agree that the situation in western Canada is such that the farmer just asks if there is space, and then delivers where there is space? You do not find—or do you find to some extent that when you open up a quota, and where there is an offer to place a large quantity of grain, that the farmers are not bringing that quota forward, generally speaking?

The WITNESS: I would say it is certainly partially true according to our correspondence, that many farmers hold their grain until such time as they can deliver it to the elevator of their choice.

By Mr. Argue:

Q. I do not find that true of most, except with a very small percentage of faithful wheat pool members.—A. I assure you that we have a number of letters to that effect. I have had a great many; not just a few, but a great many.

Q. A year ago now, did the wheat board follow this same type of policy you are speaking of now, taking so many from each elevator company?

Mr. RIDDEL: No. In most of the previous years we had open shipping orders and the companies worked under the car order book.

Mr. ARGUE: Would it be fair to say that the percentage which the Saskatchewan Wheat Pool has received of the Wheat Board orders is in the neighbourhood of 43 per cent?

Mr. RIDDEL: It would be based largely on stocks, and in other cases on the number of elevators in the area, from which we happened to be shipping.

Mr. ARGUE: If you add up all your car orders and all of the box cars of grain ordered by the Wheat Board in Saskatchewan, would it be fair to say that the Saskatchewan Wheat Pool received approximately 43 per cent?

Mr. RIDDEL: If that is the percentage of handling for this year, the percentage of handling would compare relatively with the percentage of shipments.

Mr. ARGUE: Why did the Wheat Board not allocate a larger percentage?

Right Hon. Mr. HOWE: Once again I may say the transport controller has made a very careful analysis of this problem, and it has been discussed with the wheat pools and various people. I am sure Mr. Milner will have more up-to-date information. After all, he is responsible for the allocation of cars at the delivery points which you are interested in.

Mr. ARGUE: No, this point is even more important because if the Saskatchewan Wheat Pool does not get a fair percentage of the total number of box cars then any allocation amongst elevator companies at local shipping points does not amount to much.

Right Hon. Mr. HOWE: I have discussed this recently with the Saskatchewan Wheat Pool management and they did not represent that situation to me.

Mr. ARGUE: I discussed it even more recently. I venture to say, and the Saskatchewan Wheat Pool is disappointed with the percentage of handlings that they have taken in and they are very much opposed to the present allocation system of box cars.

Right Hon. Mr. HOWE: I know that. I know that. I do not think the facts suggest what you said—

Mr. ARGUE: The 43 per cent figure?

Right Hon. Mr. HOWE: Yes.

Mr. ARGUE: It is 42 and a fraction.

Right Hon. Mr. HOWE: I am surprised they did not tell me that, but they did not.

Mr. ARGUE: That is very surprising, but the Saskatchewan Wheat Pool—there is no question about it—in the allocation of box cars today is getting a raw deal and it is a raw deal which goes back to the Saskatchewan producers and goes back to the owners of the Saskatchewan Wheat Pool system.

Right Hon. Mr. HOWE: We could look into that question with a view to improving the situation, but I think we could discuss it more intelligently when Mr. Milner is on the stand.

Mr. ARGUE: We will discuss with Mr. Milner anything he has authority to do, but we cannot discuss with Mr. Milner something which the Wheat Board does and if the Wheat Board says—as I believe the record will show—that when deciding on the distribution of box cars in Saskatchewan that a certain percentage or number will go to each elevator company in Saskatchewan, on the basis of that evidence there is the root of the reason that the Saskatchewan Wheat Pool handlings are down. I hope I am wrong.

Right Hon. Mr. HOWE: The man who now gives you the information was the former general manager of the Saskatchewan Wheat Pool. I do not think he would deliberately give them a bad break.

Mr. ARGUE: I am not inquiring as to motives but I ask whether 43 per cent would be an approximate figure for the quantity or proportion of box cars allocated to the Saskatchewan Wheat Pool and the answer came back “yes” and then I made the statement to the minister if that evidence is correct then that is the major cause—if not the total cause—of the fact that the Saskatchewan Wheat Pool handlings are lower than they ever have been, in all probability.

Mr. RIDDEL: As far as the board is concerned, it has only two bases on which it can allocate the orders. One would be the number of elevators each company has in the locality from which shipments are being made and the other the total stocks that each company has of the kind of grain that the board wishes to ship. The board has no record of the potential patrons of the different elevator companies.

Mr. ARGUE: But you do have a record, do you not, of past experience as to the handlings of these companies? It is all part of the public record, is it not? Is it not part of the public record that the Saskatchewan Wheat Pool ordinarily handles over 50 per cent of the grain handled in Saskatchewan?

Mr. RIDDEL: They have handled in various years, I believe, as high as 54 per cent.

Mr. ARGUE: And the average has been well over 50 per cent. Now, Mr. Chairman, the information we now have tells us exactly why the Saskatchewan Wheat Pool is at a disadvantage. The further information we have is that box cars are allocated on the basis of the number of elevators that each company operates in Saskatchewan. I presume it is the same in Manitoba and Alberta. There is the further factor—the quantity of stocks of grain held by the various elevator companies. Well, nothing in either of these factors gives any indication of the desire and the wishes and the practice of producers, and I say that when the producers elevator company on the basis of experience and practice normally obtains well over 50 per cent of the grain that is marketed it is wrong—it is unjust—to force their customers to stay away from their elevators because they can only obtain 43 per cent of the box cars, and that is a situation that needs to be rectified if justice is to be done because I do not see why any producer should not have the right, as has any other customer of any other company, to patronize the company of his own choice.

The CHAIRMAN: Does No. 9 carry?

9. Delivery Quotas

On July 24, 1952 the Board announced initial delivery quotas for the crop year commencing on August 1, 1952. The initial quotas were 5 bushels per seeded acre for wheat and rye and 4 bushels per seeded acre for oats and barley; the application of initial quotas on wheat, oats and barley being deferred at a considerable number of delivery points in order to allow for deliveries of old crop grain. On August 12, 1952 the initial barley quota became effective at all delivery points and on August 20th the initial wheat and oats quotas became effective at all delivery points. From the start of the crop year provision was made for the delivery of one carlot of malting barley over the quota, providing such barley had been accepted by a maltster or shipper and providing a quality premium was paid to the producer. On October 3, 1952 Durum Wheat was placed on an open quota basis, reflecting the scarcity of this variety of wheat in relation to existing demand.

As space became available, quotas were increased at individual stations. By mid-November initial wheat quotas remained in effect at a relatively small group of stations. About one-half of delivery points had a wheat quota of 8 bushels per seeded acre and at about 800 delivery points wheat quotas had been advanced to 10, 12 or 15 bushels per seeded acre. Rye quotas kept pace with quotas on wheat but oats and barley quotas were advanced more slowly.

On November 21, 1952, the Board announced that for the winter period at least, the maximum quota at any point would not be raised above 15 bushels per seeded acre and that future shipments from delivery points with a 15-bushel per seeded acre quota would be restricted.

On December 9, 1952 the 15-bushel delivery quota on wheat, oats, barley and rye became effective at all delivery points in Manitoba and these stations became alternative delivery points. On January 29, 1953 the 15-bushel per seeded acre quota became effective at all Alberta delivery points. On March 3, 1953 delivery restrictions on rye were removed and all delivery points in Saskatchewan were placed on a quota of 15 bushels per seeded acre on wheat, oats and barley.

At the same time, the Board announced that the delivery quota of 15 bushels per seeded acre on wheat, oats and barley would be known as the basic quota for 1952-53 and that as available space in country elevators warranted, the Board would establish supplementary quotas. These supplementary quotas would be based on each producer's combined seeded acreage for wheat, oats and barley and in making deliveries under supplementary quotas, producers could choose the kind of grain or the combination of grains which they wished to deliver.

Under the revised quota policy all delivery points previously designated as alternative delivery points were removed from that category and a new basis for establishing alternative delivery points became effective. It was provided that any delivery point at which a supplementary quota of not less than 3 bushels per seeded acre had been effective for a period of fourteen days would become an alternative delivery point available to any producer, regardless of the delivery point designated in his permit book. During the balance of March and in April, supplementary quotas were established at individual stations in accordance with space available. On April 29, 1953 the 3-bushel supplementary quota became effective at all delivery points in the Prairie Provinces and on May 15, 1953 all stations became alternative delivery points.

On May 8th, the grain delivery position in the Prairie Provinces was reviewed in some detail in a release to handling companies for the information of elevator agents, producers and others. At that time estimates in the hands

of the Board indicated that the farm surpluses from the 1952 crop amounted to some 964 million bushels, a quantity of grain in excess of that for which storage space could be made available during the crop year 1952-53. On the basis of estimates of the internal grain movement and the export movement for the balance of the crop year, the Board considered that it would be possible for producers to market about 830 million bushels by July 31, 1953. This was substantially the quantity of grain estimated as deliverable under the basic quota of 15 bushels per seeded acre on wheat, oats and barley and the supplementary 3-bushel delivery quota on total wheat, oats and barley acreage, plus producers' deliveries of grains which at the time were not subject to quota restrictions or were authorized for delivery in excess of quotas.

To mid-June the volume of producers' deliveries was disappointing. By June 11th producers' marketings of all grains in the West amounted to only 648 million bushels, leaving some 180 million bushels of acceptable deliveries on farms on the basis of estimates in the hands of the Board. While there was congestion at a considerable number of delivery points, particularly in Saskatchewan, there was at that time between 75 and 100 million bushels of space in country elevators which, for one reason or another, was not being used for the delivery of grain.

On June 19, 1953 the Board announced the quota policy which would be effective for the balance of the crop year. The policy re-emphasized the effort which the Board was making to provide space for the basic and supplementary quotas. At the same time, the Board recognized that there was a considerable volume of elevator space in the Prairie Provinces in excess of the space required by established quotas; and that additional space would be opened up through country elevator shipments during the balance of the crop year. In order to make this surplus space available to producers, the Board provided that at delivery points where space was adequate for the basic and supplementary quotas, elevator agents, on authorization of the Board, could take delivery of additional grain to utilize such surplus space. Under this arrangement producers' marketings increased sharply in the latter part of June, and were exceedingly heavy in July, 1953. As a result of the policy pursued by the Board, producers' marketings of all grains for the year ending July 31, 1953 amounted to some 830 million bushels, and reached the objective set by the Board earlier in the crop year.

In order to provide a further opportunity for the delivery of old crop grain, the Board continued the foregoing policy until August 14, 1953. During the first two weeks in August an additional 30 million bushels of grain were delivered by producers.

MR. CASTLEDEN: I wonder if I could ask one question? In view of the fact you state—and the figures this afternoon show—that Saskatchewan has less deliveries in proportion to the two provinces, is it not away out of line? It seems to me if you are using the formula you have given us—whereby sometimes it is governed by the stock they have on hand and, sometimes by the storage facilities or capacity of the elevators—even if that had been used, there would have been a larger quantity of grain delivered from the province of Saskatchewan. We are out on both ends. There must have been other figures. There must have been grain available in Saskatchewan. It seems to me that an adjustment is going to be necessary, even on the basis of your own formula.

MR. RIDDEL: There are several other factors of minor importance; for instance, we allowed one car-box of malting barley to be shipped over the quota. A greater proportion of the share of the malting barley came from Manitoba than from Saskatchewan. I mentioned about shipping orders on the basis

of stocks—I will give an example—we wanted to take what No. 6 wheat we had in Saskatchewan and Manitoba and in that case we placed an open shipping order with all the companies in Saskatchewan and Manitoba to ship all of the No. 6 wheat to the lakehead. That was the case when it was based on stocks. In other cases, we may take the stocks on a definite grade of grain and place orders to ship in proportion to the total stocks, or in other cases, such as a recent Vancouver movement, we allocated 300 cars in one order on the basis of the number of elevators they had in that area that still required space for the 5 bushel quota. It varies from time to time. There are many other factors. The matter of mill shipments is based on a formula on which the companies themselves have agreed.

Mr. CASTLEDEN: Would it be possible for us to get the figures on the allocation and delivery of cars from various companies since this new system went into operation from the close of shipping last fall say, to the end of March or the middle of April?

Right Hon. Mr. HOWE: Ordinarily we do not give that competitive information, but we will talk over the question and give a decision on that tomorrow. Will that be all right?

Mr. CASTLEDEN: I am satisfied.

Mr. TUCKER: I move we adjourn.

The CHAIRMAN: Mr. Tucker moves the adjournment. We will adjourn until tomorrow at 11 o'clock, in Room 497.

HOUSE OF COMMONS

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

Respecting

Report of The Canadian Wheat Board for the Crop Year 1952-53

and

Supplementary Report of The Canadian Wheat Board on the 1952-53
Pool Account—Wheat.

TUESDAY, MAY 4, 1954



WITNESSES:

Mr. George H. McIvor, Chief Commissioner, Mr. William Riddel,
Commissioner, Mr. C. B. Davidson, Secretary, Mr. C. E. G. Earl,
Comptroller, all of The Canadian Wheat Board.

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.
and
Messrs.

Anderson,	Fulton,	Montgomery,
Argue,	Gingras,	Murphy (<i>Westmorland</i>),
Batten,	Goode,	Perron,
Blackmore,	Gour (<i>Russell</i>),	Pommer,
Boucher (<i>Châteauguay- Huntingdon- Laprairie</i>),	Harkness,	Poulin,
Bruneau,	Harrison,	Purdy,
Bryson,	Huffman,	Proudfoot,
Byrne,	Johnson (<i>Kindersley</i>),	Roberge,
Cardiff,	Kickham,	Schneider,
Castleden,	Kirk (<i>Antigonish- Guysborough</i>),	Stanton,
Charlton,	Lusby,	Stick,
Clark,	MacKenzie,	Studer,
Decore,	MacLean,	Tucker,
Demers,	Mang,	Villeneuve,
Deslières,	Massé,	Weselak,
Diefenbaker,	Matheson,	White (<i>Middlesex East</i>),
Dinsdale,	McBain,	White (<i>Waterloo South</i>),
Fontaine,	McCubbin,	Wyllie,
Forgie,	McLeod,	Yuill,
	Michaud,	Zaplitny—60.

E. W. INNES,
Clerk of the Committee.

ORDER OF REFERENCE

TUESDAY, May 4, 1954.

*Ordered,—*That the name of Mr. Bryson be substituted for that of Mr. Jones on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, May 4, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Batten, Blackmore, Bruneau, Byrne, Castleden, Charlton, Deslieries, Dinsdale, Forgie, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jones, Jutras, Kickham, MacKenzie, MacLean, Mang, Matheson, McBain, McCubbin, McLeod, Michaud, Montgomery, Pommer, Purdy, Proudfoot, Schneider, Stanton, Stick, Weselak, White (*Waterloo South*), and Yuill.

In attendance: Rt. Hon. C. D. Howe, Minister of Trade and Commerce; *From the Canadian Wheat Board:* Messrs. George H. McIvor, Chief Commissioner, William Riddell and W. E. Robertson, Commissioners, C. B. Davidson, Secretary, C. E. G. Earl, Comptroller and C. M. Chesley, Assistant Secretary;

From the Board of Grain Commissioners: Mr. R. W. Milner, Commissioner and Transport Controller.

The Committee resumed the detailed consideration of the Report of The Canadian Wheat Board for the crop year 1952-53.

Mr. McIvor supplied information requested at yesterday's meeting.

Part I—General Review.

Sections 9 and 10 were severally considered and adopted, the witness assisted by his officials supplying information thereon.

At 1.00 o'clock p.m., the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m., The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Blackmore, Bryson, Byrne, Castleden, Dinsdale, Forgie, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jutras, Kickham, Lusby, MacKenzie, Mang, Massé, McLeod, Michaud, Murphy (*Westmorland*), Pommer, Purdy, Schneider, Stick, Ville-neuve, Weselak, Yuill and Zaplitny.

In attendance: Same as at morning sitting.

The Committee resumed consideration of the Report of The Canadian Wheat Board for the crop year 1952-53.

Part I—General Review:

Sections 11—20 inclusive were severally considered and adopted, the officials of The Canadian Wheat Board answering questions thereon.

At 6.00 o'clock p.m., the Committee adjourned until 11.00 o'clock a.m., Thursday, May 7.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

MAY 4, 1954
11.00 a.m.

The CHAIRMAN: We now have a quorum. Before we take up where we left off yesterday, I think that there were a few questions put to Mr. McIvor and Mr. Riddel that were supposed to be answered this morning, as the information was not available at that time. I think that Mr. Riddel wants to answer the one on the specified acreage.

Mr. RIDDEL: Mr. Chairman, gentlemen, the question was asked yesterday: What is the specified acreage in each of the three provinces? The specified acreage for the province of Manitoba is 9,886,251 acres; for Saskatchewan, 38,995,701 acres; for Alberta, 20,804,795 acres. In addition to that, there is the acreage for Durum wheat and flax, which does not enter the specified acreage. The deliveries of all grains in each of the three provinces on the basis of the specified acreage works out to: for Manitoba 6.43 bushels per specified acre; for Saskatchewan, 5.83; and for Alberta, 6.56 bushels

Mr. ARGUE: You would not have a grand total of the wheat, oats and barley acreage, or separate totals for the three?

Mr. RIDDEL: For each of the provinces?

Mr. ARGUE: Not necessarily. Just to compare the total specified acreage to the total acreage seeded for wheat, oats and barley.

Mr. RIDDEL: The total acreage in all provinces, including the few areas in British Columbia and Ontario, seeded to wheat, oats and barley is 43,843,895 acres.

Mr. ARGUE: Do you have the summer-fallow acreage?

Mr. RIDDEL: The summer-fallow acreage in each of the three provinces is: Manitoba, 3,274,410 acres; Saskatchewan, 14,211,999 acres; Alberta, 6,724,957 acres.

The CHAIRMAN: Are we going on to No. 10, "Handling Agreement"?

Mr. JOHNSON (*Kindersley*): We have not passed through No. 9 yet.

The CHAIRMAN: We discussed "Delivery quotas" yesterday.

Mr. JOHNSON (*Kindersley*): No, it was never formally introduced, Mr. Chairman.

Mr. ARGUE: With great respect, Mr. Chairman, the record will show that we were on section 8. Some of the discussion might better perhaps have been on 9, but we were on 8. Section 9 was formally carried.

The CHAIRMAN: It may not have been "carried". We will not argue on that technical point. Any questions on No. 9? I might suggest that on the business of quota, this is a matter that comes more properly under the Board of Grain Commissioners, and we have been given the assurance that Mr. Milner, the controller, who is in charge of that to a large extent, is prepared and is ready to give a full detailed account of how this quota operates, and so forth; so that we might wait till he is here.

Mr. Geo. McIvor, Chief Commissioner, The Canadian Wheat Board, recalled:

The WITNESS: If I might interpose, Mr. Milner will be dealing with the car situation and transportation. The quota problem is mainly a Wheat Board problem and we did have quite a discussion on quotas yesterday. I think that we were jumping the gun.

The CHAIRMAN: My apologies. I did not mean the actual quota; I meant the allocation of box cars should be left till later. You are quite right. The quota is directly your responsibility. My only suggestion was that we try to leave the allocation of box cars till the Board of Grain Commissioners come up. Are there any questions on quotas? Have you any statement to make, Mr. McIvor?

The WITNESS: We had quite a discussion yesterday, Mr. Chairman, on the question of the current quotas and the present quota policy. This report, of course, deals with the quota situation of last year, and it may be that there are some questions that someone would like to ask about the quota situation of last year. Our discussion of yesterday related entirely to the present situation of quotas.

By Mr. Yuill:

Q. I should like to ask what the position of the farmer is who grows nothing but coarse grain, and where he fits into this picture of marketing. Is he permitted to market up to a minimum of 1,000 bushels, as I understand it, in western Canada?—A. Yes, the minimum of 1,000 bushels during this present year applies to all farmers and is helpful to smaller farmers. It is not confined to coarse grains.

Q. In my own community there are farmers who grow nothing but coarse grains and who, of course, depend to a degree on the revenue derived from them. Are they permitted to market?—A. In connection with the man who grows nothing but coarse grains, there is an arrangement made with regard to the delivery of oats under a supplementary quota. There are arrangements made with regard to the deliveries of malting barley. The feed barley man, however, owing to the lack of demand for feed barley, is restricted to the going quota. The other day we made special arrangements in regard to rye for a man who would be confined largely to the growing of rye. So there are a number of arrangements providing for the man that you refer to who is in that position.

Q. We have in my home town available 165,000 bushel capacity storage that is not being used at the moment. Does that have any influence in determining quotas at all in that community?—A. There are a number of points in western Canada where they have storage that is not being used. That type of point, I would imagine—I do not know what point it is.

Q. Northwest of Edmonton; Barrhead is the name of the town—A. As I recall it, we put Barrhead up to 7 bushels, to take care of that kind of situation. In general, our policy has been to try to equalize the delivery quotas throughout the country, the reason for that being that it would be quite unfair, in our opinion, to have some points that are able to deliver substantially more than other points which have not been able to get in their 5 bushels as yet.

Q. I appreciate that.—A. So for the present our maximum quota is 7 bushels. I remember signing an order the other day, and I think that Barrhead is up to 7 bushels, as I recall it.

The CHAIRMAN: When you used the term "throughout the country", you meant throughout the western country?

The WITNESS: Yes, in the designated area.

Mr. MANG: Under what conditions are special permits issued; supposing there is grain out on the land, not under roof, are there any special permits issued?

The WITNESS: No, we have issued a few special permits on compassionate grounds—not very many—but if we tried to issue permits on the amount of grain that is either in inferior storage or piled on the ground, I can assure you

that no one else would have any opportunity to deliver, because we get virtually hundreds of letters in which people recite that owing to their special conditions they should have a special delivery permit, and we have had to turn them down.

Mr. HARKNESS: In connection with special permits for malting barley, what effect does that have on the delivery quota as far as the particular point is concerned or as far as the particular farmer is concerned? Is that subtracted from them, or is that put in with the amount of grain allowed from that point or from that farmer?

Mr. RIDDEL: We generally prepare a statement to give to the railway companies showing the quantity of grain to be delivered at each shipping point. The statement is prepared on the basis of the quantity that can be delivered under the specified acreage quota and under any special permits such as for malting barley, and the supplementary quota for oats. We have also given special consideration to the shipment of rye over the quota in cases where the producer has over 50 per cent of his seeded acreage seeded to rye. These deliveries, on all of these different bases, are included and shown on the statement and determine the number of cars that each shipping point requires in order to make available space for the delivery of that grain. The railway company places the cars on that basis.

By Mr. Harkness:

Q. I do not think that you have quite got my point. If at a particular point there may be 10 cars of malting barley to go out, that does not act as a disadvantage to the farmers that have not got that malting barley, as far as their quota is concerned? In other words, it has no effect on the quota of 5 bushels?—A. No.

Q. What about the farmers who deliver the barley? Does it affect their barley?—A. The permission for the malting barley is for the delivery of one car over the quota.

Q. So that it has no effect on the quota at all? It is that much extra grain that goes out?—A. Yes.

By Mr. Argue:

Q. The highest amount that we have at the moment is 7 bushels. Is it the intention of the board to raise the 7 to 8, or is it the hope that the 7 will remain in effect and will be in effect during July, and everyone will be given a chance to get 7 bushels delivered?—A. Our present intention is to maintain the quotas on the basis of 7 bushels, so that everybody will have a fair opportunity to deliver. I am not going to say that, owing to some special condition that might arise, we might not have to vary that in some instances, but the policy is to maintain the quota at 7 bushels.

Q. For the balance of the crop year?—A. Yes. Mind you, if a miracle should happen, and we could get more grain out than we presently expect, we would not hold down the quota, but that is our present policy.

Q. In the last crop year under review, could you go over No. 9, referring to the different steps taken, increasing the quota? But to make a broad statement, I think that you increased the quota from time to time as space was available, and I take it that on June 19 the quotas were removed, is that right?—A. Mr. Chairman, if I may, I would like to read a statement with regard to the handling of last year's quotas.

The CHAIRMAN: Very well.

The WITNESS: This is a highly controversial subject, and so I think it would be as well if I kept to the facts.

DELIVERY QUOTAS—JUNE, JULY AND AUGUST, 1953

There are differences of opinion in respect to the quota policy followed by the board in the late weeks of 1952-53 and in the first two weeks of August, 1953.

I would like to make a brief statement about the policies which were followed during the foregoing period. Early in the month of May the board made a careful survey of its country position, taking into account marketing prospects for the balance of the crop year. The board's position at that time was explained in Instructions to the Trade re Quotas No. 36, dated May 8, 1953. I will quote this statement in part:—

According to the latest estimate of elevator agents, producers have marketable surpluses from 1952 crops of all grains amounting to 964 million bushels. This figure is about 37 million bushels lower than our earlier estimate and, of course, could be affected by crop developments over the next ninety days.

Based on the grain movement to date, and after allowing for an increase in country elevator storage capacity and the more efficient use of both country and terminal storage this year as a result of the dry harvest, we believe it will be possible to provide for farm deliveries of about 830 million bushels by July 31, 1953. This will be an increase of about 110 million bushels over the quantities of grain delivered in 1951-52. Up to the present time producers' deliveries have amounted to about 573 million bushels and we have, therefore, to make space available for a further 257 million bushels to provide for total producers' marketings up to the objective of 830 million bushels.

We estimate that about 830 million bushels of grain can be delivered under our basic quota of 15 bushels per seeded acre on wheat, oats and barley and the supplementary 3-bushel delivery quota on total wheat, oats and barley acreage. Therefore, it looks now as if this will be the limit of our delivery quotas for the present crop year although, of course, we will keep the position under continuous review for the balance of the crop year.

On May 1 the supplementary 3-bushel quota became effective at every delivery point in the West and two weeks later, on May 15, all delivery points became alternative points. This means that producers may deliver their grain up to the 18-bushel quota at any station in the West where space is available.

As closely as we can estimate, total deliveries of around 830 million bushels will allow about 532 million bushels of wheat, 150 barley, 120 oats, 18 million rye and 10 million flax to be delivered. To accomplish this, space must be found for 165 million bushels of wheat, 49 million oats, 35 million barley, and about 8 million flaxseed and rye.

The implementing of the 18-bushel per seeded acre delivery quota on wheat, oats and barley became the target of the Wheat Board for the crop year ending July 31, 1953; although it was appreciated that at quite a number of delivery points, particularly in Saskatchewan, it would be difficult to make provision for this delivery quota except on the basis of exceptional placement of cars by the railways.

By mid-June, the level of producers' marketings was disappointing. On June 11 producer's marketings of all grains in the West amounted to 648 million bushels, leaving some 182 million bushels on farms for which the board hoped to provide elevator space by July 31. At the same time, there was between 75 and 100 million bushels of space in country elevators which, for one reason or another, was not being used for the delivery of grain. This space was not

available, however, at delivery points where crop yields had been extremely high both in 1951 and 1952 and where every effort was being made to secure the maximum placement of cars. In part, the space situation was due to shipping policies pursued by the board in trying to keep the lakehead and the Pacific coast supplied with grains and grades of grain which were urgently in demand. In part, available elevator space was due to lack of grain for delivery in areas where crop yields in 1952 had been more moderate. In these areas not all producers had the quantity of grain to entirely fill the 18-bushel quota. In part, the position was also due to a degree of inflation of acreage figures which were shown in 1952-53 permit books and upon which the board based its estimates of the quantity of deliverable grain at each delivery point. At a considerable number of delivery points the 18-bushel quota had actually been delivered although according to board records, cars were still required to provide space for this quota.

This was the situation with which the board was confronted in mid-June 1953. In its approach to the problem, the board had two points in mind. These were:

- (1) To give first and primary consideration to relieving elevator congestion at points where additional transportation was required, and in some cases substantial additional transportation was required, to make the 18-bushel quota feasible at all delivery points in the prairie provinces;
- (2) Once the 18-bushel quota was provided for, to make such additional elevator space that existed available to producers for deliveries over and above the 18-bushel quota.

On June 17, 1953 the board outlined this quota policy. The policy of the Wheat Board in respect to this matter was indicated in the instruction issued at that time, and which is quoted as follows:

As indicated in our Instructions to the Trade No. 36 (May 8, 1953), the Board is endeavouring to provide sufficient storage space by July 31, 1953 to enable all producers in the Prairie Provinces to market the basic quota of 15 bushels per seeded acre on wheat, oats and barley plus the 3-bushel per seeded acre supplementary quota. While heavy concentrated shipping is still required, particularly at Saskatchewan stations, the railways are making good progress in meeting the Board's objective.

Within this general policy in respect to deliveries, there are stations in the Prairie Provinces which for reasons of lower yields per acre harvested last fall, changes in estimated deliverable quantities, etc., have space which is more than sufficient to look after present delivery quotas. In order to more fully utilize country elevator space, the Board is prepared to consider applications from elevator agents for approval to accept additional deliveries of *wheat and barley* to fill country elevator space *not required* to take care of the balance of grain remaining to be delivered under the basic 15-bushel per seeded acre quota, the supplementary 3-bushel per seeded acre quota and authorizations for the delivery of oats under Instructions to the Trade re Quotas No. 79 (May 25, 1953).

Before applying to the Board for permission to accept additional deliveries of wheat and barley, elevator agents should advise producers who still have grain to deliver under the present quotas, that space is now available and that it is the intention of the agents concerned to apply to the Board for permission to accept additional deliveries.

To expedite consideration of applications for additional deliveries at stations where country elevator space warrants, elevator agents should make the applications collectively. Applications should show space available over and above space required for deliveries under present quotas.

In event of the Board's authorizing additional deliveries of wheat and barley to utilize elevator space, such authorizations will be granted on the definite understanding that the current quota has all been delivered or that space will be reserved to protect deliveries still to be completed under the current quota.

The purpose of this Instruction is to permit the maximum use of storage facilities throughout the West while concentrating shipping at delivery points requiring space to take delivery of established delivery quotas."

That is the end of the instructions.

This was the quota policy which was followed by the Board up to July 31, 1953. At the end of the crop year, however, it was apparent that there would be very little in the way of new crop deliveries until after mid-August and the railways were continuing to move substantial quantities of grain out of country elevators. To give the producers a further opportunity to deliver grain and utilize remaining storage space, the Board extended its provisions for additional deliveries until August 15th, thereby permitting the delivery of a further 30 million bushels of old crop grain prior to the time at which 1953-54 delivery quotas became effective.

It has been argued that the Board should have increased the delivery quota in mid-June. This proposal was thoroughly weighed by the Board and the conclusion was that a small increase in delivery quotas would not fill space available throughout Manitoba, many areas in southern Saskatchewan and throughout Alberta. To utilize all delivery space the delivery quota would have to have been increased by some 5 to 7 bushels per seeded acre. This might have worked reasonably well in some areas, but it would have been physically impossible to have taken, say, 3 bushels per seeded acre on wheat, oats and barley at a considerable number of points, particularly in Saskatchewan where yields were exceptionally high in 1952. In these areas the problem was that of making provision for the 18-bushel quota and had, say, an additional quota of 5 bushels per seeded acre been established, there would have been no possibility of making this quota effective by July 31st, particularly in the high yield areas of Saskatchewan.

By Mr. Argue:

Q. In that decision that was arrived at to take the delivery quotas off, in the language used was that decision made by the board independently of anyone else?—A. Yes sir.

Q. And not with the advice of anyone connected with the government? —A. No. It was the board's decision.

Q. Is it a fact that one of the reasons, as you say, in the report, that markets were disappointing up to the middle of June was the fact of the very heavy rainfall in western Canada, and that there had been almost an unprecedented delay in seeding, and that the farmers were literally unable to market their grain during the early part of June and a great part of May? —A. I think that was one of the reasons. But one of the disadvantages that the board is under today is that we have to look into the future or endeavour to look into the future. There have been a number of critics of the policy who have been looking backwards. The reason I have given as one of the main reasons is that we were not getting deliveries is that a great many producers were waiting to see what kind of crop they were going to have. In fairness to the board I think that is a statement of fact. We tried in our best judgment to do what we thought was proper under the circumstances. We did not do it deliberately, to crowd anybody out of place. We thought that the producers having delivered their 15 bushels plus their 3 bushels supplementary, that they had a very good chance. And it was not until after it looked as if they were going to realize another big crop that the situation became exceedingly serious for a lot of producers.

I will say this about the quota situation: It is the most difficult job that the board has to do by far. I cannot remember a period in which I have appeared before this committee when there has not been criticism of the board in regard to quotas. We have adopted a great number of schemes over the years in the handling of quotas and I think, if I may say so, that actually this year, the quota situation has worked better than it has up to now. But it is a very difficult job and it is very difficult to foresee the conditions which might arise and which affect the situation.

Q. Had any farm organization asked for the removal of the Quotas?
—A. No, I do not think so.

Q. Has any farm organization protested against the removal of the quotas, that is, before or after they may have known it was coming?—A. Afterwards I think we had protests.

Q. Because they had no prior knowledge that quotas were coming?—A. No.

Q. Do you not think it reasonable in such a major move like that to discuss what might be the effect with the producers organizations?—A. Well, it is not easy to discuss quotas ahead of time because you have got the competition factor in the country and the board usually makes up its mind and uses its best judgment in regard to quotas. We did get a great deal of advice from farm organizations as to how we should handle the quotas and I could tell you that they are by no means in agreement. So we were confronted with recommendations of three or four different kinds and stripes and in the final analysis the board has to make up its own mind what it is going to do.

Q. But in this instance it was unanimous, in so far as the expression was available; that is, no one asked that the quotas be removed so that the farm organizations would be unanimous in not asking for the removal of the quotas. Did any farm organization afterwards, declare that it was in favour of such removal?—A. No, I do not think so.

Q. Is it a correct statement that the board received the very strongest possible protests from the wheat pool organizations?—A. We did not receive any protests from either the Alberta or the Manitoba pools, to my recollection. I think we received a protest from the Saskatchewan pool.

Q. You received a number of protests?

Mr. RIDDEL: From local committees of the Saskatchewan pool.

By Mr. Argue:

Q. What discussion did you have, or what protests did you have from the Saskatchewan wheat pool organization as an organization?—A. I know we received a great many wires from the locals. I do not know if there is any significance in this, but they were largely couched in the same language when they came from throughout the Province of Saskatchewan.

Q. Are you prepared to say that there was \$70 worth of wires which came in to you?—A. I think that is too low.

By Mr. Harkness:

Q. What was the nature of the reasons for the protest, or the nature of the protests?—A. That the board, instead of removing the quotas, should have maintained the quotas and raised them from time to time. That is what I referred to in my statement. Suppose we had gone on and raised the quotas? Suppose we had raised them from 15 to 20 and then the deliveries did not come in? What would we do then? We took the position that this elevator space was available and that it should be made available to those who wished to use it. After the local producers had had an opportunity to deliver 15 bushels plus 3 bushels; and in spite of anything that has been said, I still think that we were right in our decision, but a lot of people would disagree with us.

Q. Your main consideration was to get this elevator space filled up as rapidly as possible?—A. That is right.

Q. I think it was basically sound.

By Mr. Johnson (Kindersley):

Q. Why was it desirable to have all this elevator space filled when the new crop would be coming out within a three week period of time?—A. If the new crop had developed into an average crop we would not have run into this difficulty. The difficulty arose from the fact that the producers could see a substantial new crop coming up, and that is why, for some reason or other the deliveries in the earlier part were very slow, lately of some producers not able to deliver as a result of deliveries from other points.

Q. I see.

By Mr. Argue:

Q. If there had been an average crop this year the situation today would not have been any different at all because the best you are now hoping to do is to market seven bushels per specified acre; and what you have done was for more than an average crop. But if the crop had been average and only average, there would still be the same quantity of grain on the farms to be delivered. That is no more than the board can expect or more than everyone else can expect.—A. In answer to that, if there had been an average crop, there would not have been the same gold-rush or incentive to try to deliver it.

Q. Your elevator space would have filled up, as I say, with an average crop.—A. Over a period of time, yes.

Q. Because, as a farmer, or as a person who knows farmers, it is my opinion that the farmer would market, on the whole, half of his crop early; during the fall because he has to have income to meet obligations all over the town and pay his taxes—A. You are talking about advice from farm organizations. We have had plenty of advice from farm organizations.

By Mr. Harkness:

Q. All free?—A. Yes, I can assure you of that; and we have had advice in the same week from farm organizations which varied. One group said that we should do this, while another group said we should do that. It means, whether you like it or not, that this Canadian Wheat Board has to accept the responsibility for the quotas in the final analysis, and we have to accept the praise or the criticism that goes with it. You cannot get away from that.

By Mr. Castleden:

Q. From what you said yesterday it was evident that you had come to some agreement in regard to this very thing, with regard to some quota basis. Was there consultation with the pools and with the other elevator companies last year in regard to it?—A. No. We have had advice from farm organizations with regard to quota action, but the policy we are following this year is the policy of the board and one which we feel is the best policy under all the conditions with which we are confronted today.

Mr. JOHNSON (*Kindersley*): You made a statement that last year the policy worked quite effectively. If you had to do that over again, would you do the same thing?

The WITNESS: Speaking personally, yes, with the knowledge that I had at the time I would have done exactly the same thing.

By Mr. Castleden:

Q. You practically tripled your deliveries in July of last year as a result of the policy as compared with June?—A. Yes.

Q. 36 million bushels delivered in June and 105 million delivered in July or August. Where would the August figures come in for 1952?—A. I do not know if I have them or not.

Q. At the bottom of page 8, on the right hand side.

Mr. RIDDEL: The reason for that was that the initial payment prices were not announced by the board to the companies until September. Although some grain was accepted by the elevators during August, it was not bought for account of the board until September.

By Mr. Charlton:

Q. When these quotas were lifted in July where did the majority of the wheat come from which left the field elevators?—A. It came from the areas—it came to some extent from deliveries from the local producers; and it also came from areas adjacent or a considerable distance away where they trucked it into those points. I will just illustrate that by saying that one particular group of producers, organized producers—in the first instance they took the view that we should treat western Canada as a river and let the deliveries level themselves out. In other words, we should not reserve beyond a certain point local deliveries, that we should look on country elevators as being national facilities. That is the type of advice that we get at times.

Q. In other words, truck the wheat 100 miles to an elevator?—A. Yes, if you look at it that way; but we have always taken the view that up to a point at least these facilities should be made available to the people at the local delivery point which I think is a sound view. You must consider that they were the ones who built them or were mainly responsible for building them.

Mr. CASTLEDEN: In some places the farmers trucked their grain 60 to 70 miles.

The WITNESS: I said up to a certain point. We did feel in regard to this situation that having established the 15 bushel quota plus the supplementary three bushel quota that the local men should have an opportunity to deliver.

By Mr. Charlton:

Q. Were there any particular districts in the west which had a huge supply of wheat left over after the quotas had been delivered? Did they get that wheat in when the quotas were lifted?—A. Certainly some of them did but I am not prepared to say that all did.

Q. Was there any difference in the provincial deliveries? I mean, was there any large difference in the deliveries in Manitoba, Saskatchewan, and Alberta?—A. No. I think this situation applied to Saskatchewan and that as far as Manitoba and Alberta are concerned, we have not had any criticism at all from either of those provinces or at least I have not heard of any.

By Mr. Johnson (Kindersley):

Q. Mr. McIvor was using the river theory as applied to the movement for the latter part of the crop year?—A. That was not the understanding of it on the delivery of wheat except in connection with particular points.

Q. The difficulty was that a large farmer was able to hire commercial truckers to move large quantities of his grain, whereas the smaller or average farmer was unable to move much grain at the time.—A. I do not want to leave the impression that the board made itself popular by the action that they took. We spent a considerable time with the Saskatchewan pool delegates on this question.

Q. Yet you say you would still do it over again.—A. Yes, personally, because I say we have got to do what we think is the right thing, whether we are going to be popular or otherwise.

By Mr. Argue:

Q. You have given us a rough idea of the proportion of available elevator space as from one company to another. But at the time that the delivery quotas were removed, would you have it as a total figure for elevator space, where you were pooling that elevator space amongst the companies?—A. I cannot answer that question. I have not got those figures.

Mr. RIDDEL: I should think, Mr. Chairman, that except for these points where the Saskatchewan pool elevators were congested by reason of the fact that their percentage of deliveries was greater than the proportion of elevator space which they had at local points; space remained for deliveries in the line elevator companies.

Mr. ARGUE: The greater amount of space at that time was with the line elevator companies?

Mr. RIDDEL: Yes; and it was generally the Saskatchewan pool elevators which did not have available space.

Mr. ARGUE: I understood that the pool had little space as compared with the line elevator companies. Did you have any requests either in writing, verbally, or otherwise asking for the removal of the quotas?

Mr. RIDDEL: No.

Mr. ARGUE: No requests from anybody that the quotas be removed? What is the normal marketing figure for July? Here it is 105 million bushels? What is the highest figure for July that you can recollect?

The WITNESS: I do not know, frankly, if we have figures to indicate previous July deliveries.

Mr. RIDDEL: In July of 1952 the deliveries of wheat were 53 million as compared with 39 million in June. July is usually a heavy delivery month.

Mr. CASTLEDEN: July 1953 was twice as big as July 1952.

The WITNESS: Almost three times in the case of wheat, yes.

Mr. CHARLTON: Is there any comparison between elevator space available and specified acreage in the various provinces, or is this space available in proportion to the specified acreage?

Right Hon. Mr. HOWE: I have a table here which might help you. You could work it out. You know the specified acres and there is the elevator space.

Mr. CHARLTON: But I have not got the statisticians here that you have.

By Mr. Johnson (Kindersley):

Q. The elevators are excluded from that available space. Does that necessarily mean effective space? I mean such a circumstance where an elevator has an annex for out-of-condition grain and they have moved 20,000 bushels out there; and they have got room therefore for 20,000 bushels of wheat. How does that fit in with your board program?—A. We try to keep that in mind. We get a statement of the actual position at the point. If, for example, we find that their annex contains 20,000 bushels of No. 6 wheat, and we know there is no No. 6 to be delivered at that point, then to all intents and purposes there is no space. We examine every one of those questionnaires that come in, or our officers examine them and make recommendation based on the situation at the point.

Q. I have a further question: At the end of the crop year was there an effort made to move wheat that had been in storage over a period of time

or was there an effort to concentrate on the 1951 wheat, for example?—A. I would just like to make this statement, because I think it fits in with your question. Our problem—and frankly this is something which greatly concerns us—our problem is to move the grain that will sell; and sometimes in trying to effect that, we are not able to do, by any means, a perfect operation in the country; so we are constantly searching for grades in the country with the idea of moving the grades which will fit in with the demand. Otherwise we simply congest the facilities and do not move the grades that will sell. At the present time we are moving No. 6 from southern Alberta to Fort William because of the rising demand from the United States for No. 6. That is our constant concern everyday.

Q. Is there any current demand for No. 5?—A. Not to the same extent. I might say that we sold No. 5 several days ago for loading out of Vancouver last week and it will be helpful. But the demand has not been as active for No. 5 as it is for No. 6.

Q. I know of one incident where the annex was filled with No. 5 and that it had not been able to move.—A. I wonder if that is the situation today? We have been putting in orders for No. 5 and I wonder what the No. 5 wheat situation is in Saskatchewan.

Mr. RIDDEL: At Anglia and perhaps seven or eight other points the annexes are full of No. 5. Generally speaking No. 5 is mostly in carload lots in the elevators and the next shipping order will take some of that wheat to the lakehead terminals. Just recently there was a movement to Vancouver of No. 5 wheat to one or two mills, but No. 5 wheat has been rather slow in moving.

By Mr. Harkness:

Q. I take it from what you said earlier that the attempt was to move out the 1952 crop of wheat before the 1953 crop started, as fast as you possibly could. Therefore you encouraged these heavy deliveries in July. What was the reason for that policy?—A. In general the policy was this: We took the view that as long as the producers had the opportunity of delivering 15 bushels plus the supplementary three bushels, that the elevator space could be used by those producers who wanted to deliver rather than to keep the quota open at the point, leaving the deliveries entirely for that point.

Q. In other words, the policy was not to deliver as much of this 1952 as you could normally, but to use the elevator space to the maximum advantage?—A. Yes, quite frankly. Then perhaps some certain grades of wheat we required in country elevators for sales purposes; but the policy was to use the facilities to the maximum.

Q. The matter of getting in this old grain before the new grain came in did not enter into it at all?—A. No.

Q. Would it not concern you?—A. Our concern was that we had to ensure that we should receive 830 million bushels of grain, and that in the month of June we could not understand why deliveries were down. It did not appear at that time that we had reached the objective and we decided to follow this policy in order that those who wanted to deliver wheat or grain over and above their 15 plus 3 should have an opportunity to deliver.

By Mr. Argue:

Q. Could you not have brought about the same situation or something approaching the same situation by a further increase in the quota at least to the extent of the quota you would have brought about the same result?—A. Well, that I think, if I may say so, is theoretical. We are looking ahead again from June 1953 and in the light of the crop that came on, I would say that irrespective of the policy that we followed, the elevator facilities eventually would have been full; but if we had had a normal crop—we have

seen it so often in the operation of this quota situation whereby we have raised the quota and for some extraordinary reason—some reasons are obvious while others are not too obvious—the grain has not been delivered at the point. I should like to say that this quota system is an invention of the Wheat Board and that we should know more about it than anybody else.

Q. It is between you and the farmers?—A. We have made mistakes, I can tell you, and we are going to make mistakes again in the future in the handling, because it is a very difficult problem. I can assure you of that. There is no fixed pattern that you can follow because nobody can tell us what 275,000 farmers are going to do in western Canada.

Right Hon. Mr. HOWE: On that note, let us get to something else. Some people here did not like the effect of the quotas; I did not like it myself. It was very embarrassing to me, as I heard of the Board's action for the first time in the middle of the election campaign and was asked to explain it. Mr. McIvor still thinks that he is right.

By Mr. Mang:

Q. You mentioned in your general statement, Mr. McIvor, that the inflation of acreage had something to do with your decision to open the quota. Just what did that mean, and to what extent was acreage inflated?—A. We found that acreage had been inflated, particularly in some areas, and that threw us out of gear in trying to anticipate deliveries at that point.

Q. It would confuse you?—A. Yes. That is the reason, I might say, that we changed to a different acreage system this year.

Q. That is what I was coming at, the reason for the change?—A. We may have to make other changes; I do not know; but we did change. That is the main reason that we changed to a different basis of delivery.

Q. My reason for asking that is that we want to be perfectly fair as farmers to the board. We expect the highest degree of honesty and integrity in the board, and the board has the same right to expect the same reasonableness on our part as farmers. I just wanted to make that point clear.—A. Thank you, Mr. Mang.

The CHAIRMAN: Shall No. 9 carry?

Mr. CHARLTON: Are we right in our assumption that while pool elevators have increased by some 200 in the last 10 years and I expect from the figures here that these were bought from the line companies or U.G.G.—the percentage of capacity operated by the Saskatchewan Pool has not increased much and seems to be much lower than the capacity operated by the (units from provinces and line) elevators. The figures here show percentage capacity of pool elevators runs from 39 to 44, from 1943 to 1952, while the percentage of capacity operated by the units from provinces and line elevators runs from 61 down to 55.9 in the same years. Now, would you care to comment on those figures? There is an explanation for it surely?

The WITNESS: I am going to ask Mr. Riddel if he would answer that.

The CHAIRMAN: It is just, I suppose, that the total capacity has increased considerably.

Mr. CHARLTON: No, it is not that the capacity is additional. It is, as I understand it, the percentage of capacity operated. The percentage is much lower for the pool elevators than it is for the line elevators.

Mr. ARGUE: The percentage of the capacity of the Wheat Pool has increased over that period; yet this percentage has gone down.

Mr. CHARLTON: The number of pool elevators has increased, but the capacity, I think, has not increased in proportion.

Right Hon. Mr. HOWE: This year the Saskatchewan Pool operated at 41.4 per cent of the capacity, and they handled 45.1 per cent of the crop.

Mr. CHARLTON: For what year?

Right Hon. Mr. HOWE: For 1952-53.

Mr. CASTLEDEN: How would that compare with a free movement year?

Right Hon. Mr. HOWE: 1948-49, I should think, would be a free movement year. In that year they operated at 42 per cent of the capacity, and handled 50.2 per cent of the crop.

Mr. CASTLEDEN: Those are the significant figures.

Mr. CHARLTON: Is there a tendency on the part of members of the pools to use their own elevators or use the line United Grain Growers' elevators?

Right Hon. Mr. HOWE: They would prefer to use their own elevators.

The WITNESS: I think that the pool members are very loyal to their own facilities. We have a former general manager of the Saskatchewan Pool here.

Right Hon. Mr. HOWE: We are getting back to the allocation of cars to the elevators. That is a subject, as I suggested, that we should discuss with the Board of Grain Commissioners when they come here. The Saskatchewan Pool and Manitoba Pool will be here, as well as the representatives of the Alberta Pool who are here now. We will also have the transport controller, who has been making a comprehensive study of the figures. If we could leave that discussion till then, we could get on faster. The elevator companies could speak for themselves.

Mr. CASTLEDEN: There is a problem of deliveries last year, when you opened the quotas up. I think that it should be quite evident that the big majority of farmers support the principle of the Wheat Board 100 per cent, and there is among them the realization of the problem that the board faces. The marketing problem is probably going to worsen. That is why it is so essential to the future welfare of the board that we maintain the good will of the farmers and the good name of the board. That is why we think the decision to open it wide up and allow deliveries at one point without the farmers knowing exactly why it is being done causes some question in their minds. We are all trying to be helpful.

By Mr. Dinsdale:

Q. I have been trying to get a question in edgewise. In Mr. McIvor's observations a short time ago he indicated that the policy might have been different had it been known that a bumper crop was coming. As a layman in these matters, I would like to know when the potential yield of the forthcoming crop becomes apparent.—A. Well, the usual period, barring unforeseen disaster, when you get a fair idea of the crop is at the end of June or early July. Mind you, there have been frost and rust and that sort of thing that interferes with it, but I think that it is fairly apparent in July that we have a crop coming along with substantial quantities. But our decision was made prior to that.

Q. That knowledge would not change the policy of continuing the open quota in the early part of August, for example?—A. You mean that if we had knowledge at the time early in June that we were going to have a short crop; is that what you mean?

Q. Apparently it seems that the crop becomes apparent early in July. That knowledge would not influence the decision to continue opening the quota policy in early March?—A. It could not, because we would not know when we made a decision.

The CHAIRMAN: Does No. 9 carry?

By Mr. Dinsdale:

Q. When was that decision made?—A. That decision was made on June 17.

Q. You made the decision on June 17 that you were going to open the quotas at the end of July, and when you saw the bumper crop coming along it was too late to back up; is that the idea?—A. No, I do not admit for a moment that we would have backed up from it. I was asked a question by Mr. Dinsdale, as I understand it, had we known of this prospect, would we have come to this decision? I do not know if it would have been the same.

Mr. ARGUE: I asked a question some time ago about the amount of space in elevators at the present time. I do not want to press that point at this time, but if we could have that information at a later date I would be glad.

The WITNESS: By individual elevators?

Mr. ARGUE: Yes, by the middle of June.

Mr. RIDDEL: It would be impossible to get that by companies.

Mr. ARGUE: If you do not have it by companies, could you give me what information you have of the various pool and line elevators? I am not pressing for it now.

The CHAIRMAN: What is your question again?

Mr. ARGUE: Mr. Riddel told us that about June 18 there was a larger quantity of available space, or a larger proportion of available space, at line elevators than in pool elevators. I just wanted whatever figures you might have.

Mr. RIDDEL: I am not sure that we have that information available. We will endeavour to obtain it and submit it if we can.

By Mr. Argue:

Q. I wonder if Mr. McIvor could tell us why it is that there was more space available in line elevator companies on June 19 than in the pool elevators?—A. I think that you asked Mr. Riddel that question. My recollection would have been that there had been more space in the line elevators at that time.

Q. And the effect of this policy was to help the line elevator companies?—A. I absolutely deny that statement. We certainly did not embark on this policy to help line elevators.

Q. I am glad to get the further statement. If most of the space was in the line elevator companies, and as a result of this policy that space was filled, is it not correct that the payment is made to elevator companies for storage?—A. As far as we are concerned, we deal with all elevator companies impartially. We have no friends in the elevator business.

Mr. MANG: Is it the policy of your board to discriminate as between elevator companies?

The WITNESS: Certainly not.

Mr. ARGUE: I said that the effect of that was discrimination. I was not leading up to making the assertion that there was discrimination.

Right Hon. Mr. HOWE: It is all very well to be a particular advocate of a particular elevator company at this stage, but we will have the elevator companies to speak for themselves next week and the committee will have the opportunity of being a judge. Let the elevator companies make their complaints here.

Mr. ARGUE: I am not advocating the case for a particular elevator company at all. If I am advocating anything, I am advocating that the producer be allowed to deliver to the elevator company of his choice.

Right Hon. Mr. HOWE: We all wish that he could.

Mr. ARGUE: And he could if the box cars went to the elevator company on the basis of what the producer would do and what he has done in the past.

Right Hon. Mr. HOWE: That is what we are trying to explore.

Mr. ARGUE: I am not trying to make a point that is out of order, and I do not wish to be taken as so unfair as to say that the board undertook a policy directed to help the line elevators, because I do not believe that the board would do that. I did not mean to infer that, and if I did I correct my statement to that extent. But I do say that if the statement of Mr. Riddel is correct and a greater part of the space was in line elevator companies as compared with pool elevator companies, then it is a fact that when the space is filled the line elevator companies derive benefit from it. As far as the quotas are concerned, I would like to compliment the board on the policy that is being followed today of attempting to bring western Canada up to a quota of 7 bushels, which will be maintained uniformly across the prairies. That is what I for one personally hoped would happen last year, but it did not happen. I like the endeavour, the objective of the board, and I hope that they are successful in accomplishing it this year, but I think it is a vast improvement to give every producer the same equity in so far as possible as compared with others.

By Mr. Harkness:

Q. The chief reason for changing the basis of the quota from so much per seeded acre to so much per cultivated acre is so that you would not get an incorrect idea of the number of acres that have been seeded. I take it that the people who reported more acreage seeded than they actually had threw your calculations out. What other reasons were there besides that one? It seems to me that the effect of this is to give an advantage to low-yield areas over high-yield areas, particularly an advantage to areas where, say, half of the land is summer-fallow over where there is only one-third or one-quarter summer-fallow.—A. I think that there is general agreement among the farm organizations that this has been a special concession as far as the acreage is concerned. It does give a man an opportunity to use some judgment as to the type of grain he wants to deliver, and I think that it has been very beneficial. All the information that we have from the country would support that view.

Q. That is a further reason why you made that change?—A. In our first thinking, we knew we had to change the basis, because we felt that the acreage was being padded in some areas.

Q. I think that undoubtedly it was.—A. Yes, that was our first thinking, but as time went on we realized that the policy was a sound policy, and I think that it has been beneficial.

Q. It does give an advantage, though, does it not, to lower-yield areas as against higher-yield areas, and particularly an advantage to high summer-fallow percentage areas as against low summer-fallow percentage areas?

Mr. RIDDEL: Confining the quotas to seeded acreage to some extent militated against good farming practices, in that the farmers were perhaps seeding more land than they would ordinarily do instead of leaving it in fallow. By including the summer-fallow in the specified acreage it gave them full advantage of all the land that they would ordinarily have under cultivation.

Mr. HARKNESS: You still have not answered my question, because there were large areas in western Canada where the average amount of summer fallow would be above one-third, and other areas where the average amount of summer fallow would be above 50 per cent. Those areas where the average amount of summer fallow was one-third or less are at a disadvantage under this system, are they not? It is the deliveries we are talking about.

Mr. RIDDEL: In the previous year the farmer who had 50 per cent of his land under summer fallow was really at a disadvantage as compared with producers who had only a small proportion of their land under summer fallow. I think that the change which was made last year rectified the position somewhat.

Right Hon. Mr. HOWE: It is really all a move to give a better break to the man farming on poor land or the man who has a short crop as a result of weather conditions. Do you not think that that is advisable? The thousand bushel basic quota is involved.

Mr. HARKNESS: I was just asking whether that is not a fact, that the man in the poorer area gets a better break than the man with a larger average amount of summer fallow. Do you agree that that is the case under this system?

Right Hon. Mr. HOWE: It seems obvious, or it does to me.

Mr. HARKNESS: To some extent that means that the large farmer in southern Saskatchewan and southern Alberta is relatively in a better position than the small farmer in the heavier-yield areas in the north?

Mr. RIDDEL: That is rectified by the introduction of the minimum quota.

Mr. HARKNESS: Of a thousand bushels?

Mr. RIDDEL: Yes.

Mr. HARKNESS: The 1,000 bushels was evidently an attempt to offset that. I was wondering whether it offset it sufficiently?

Mr. RIDDEL: In addition to the 1,000 bushel minimum, all farmers are entitled to deliver the additional two bushels per specified acre, and the supplementary quota of 12 bushels per seeded acre of oats.

Mr. HARKNESS: I am not attacking this method of setting the quota, but I was trying to get what the advantages and the reasons for it were.

By Mr. Argue:

Q. How do you find, for example, barley deliveries that are being made? A farmer can choose when he has a delivery of barley and a delivery of wheat. Barley is not worth as much as wheat. Can he deliver wheat if he has both?—A. I gave this figure yesterday, the percentage of the deliveries in the three provinces of wheat up to the 21st April, 46 per cent, barley—

Q. This is a question that I meant to ask: Are you getting sufficient barley delivered to take care of the market requirements under the present policy, under which I think you tend to encourage wheat deliveries and not barley deliveries? In other words, is there any possibility of a supplementary quota for barley as for wheat?—A. No, I think that we are getting substantial deliveries of barley.

Mr. HARKNESS: You said here that on May 8 you made this estimate, that the farm surpluses from the 1952 crop amounted to some 964 million bushels, and you also estimated that you could take total deliveries for the year of 830 million bushels. What was your estimate of farm surpluses as of July 31? In other words, to what extent has this 964 million bushels been reduced?

Mr. RIDDEL: By the 830 million bushels delivered by July 31.

Mr. HARKNESS: But that was for the whole year. It was not 964 million minus 830 million.

Mr. RIDDEL: If we got in the 830 million, it would be 964 million minus 830 million.

Mr. HARKNESS: Is this 830 million not the total delivery for the whole year?

Mr. RIDDEL: Yes.

Mr. HARKNESS: But the 964 million was the surplus on hand on May 8?

Mr. RIDDEL: No, the 964 million was the year's surplus.

Mr. HARKNESS: Well, is your estimate then saying that there was a surplus in the farmers' hands of only 134 million bushels of grain of all kinds as at July 31?

Mr. RIDDEL: I think that I can give you the exact figure here.

By Mr. Harkness:

Q. That is what I asked for.—A. 964 million was the estimate of the total available for delivery for the crop year. 830 million was the estimate of what we thought might be delivered. I could give you the final figures; we are trying to look them up here. Our estimate of farm stocks at the end of July is 133 million bushels, of all grain.

Q. Does that include the grains for the previous year, or all previous years, or just 1952?—A. No, all previous years.

Right Hon. Mr. HOWE: Let us get on to No. 10, Mr. Chairman.

The CHAIRMAN: Does No. 9 carry?

Carried.

10. Handling Agreement

The terms of the 1951-52 Handling Agreement were continued in the 1952-53 Agreement negotiated with handling companies. Handling margins remained at $4\frac{1}{2}$ c per bushel on wheat and barley and $3\frac{1}{2}$ c per bushel on oats, and the storage rate at 1/35 of a cent per bushel per day. There was a reduction from 2c to $1\frac{1}{2}$ c per bushel in the diversion charge paid on wheat shipped or diverted to interior government terminals.

Mr. ARGUE: I wonder if we could get some idea of the cost to the board of handling and the cost of storage?

The WITNESS: We will come to that later, in our accounts.

The CHAIRMAN: No. 10. Carried?

Carried.

11. 1952-53 Pool Account—Wheat

BOARD RECEIPTS

The following table shows receipts of wheat from producers, by months, for the period from August 1, 1952 to July 31, 1953:

	Bushels
September	63,180,333.0
October	77,018,837.7
November	45,476,442.9
December	32,139,069.6
January, 1953	57,194,056.4
February	29,242,658.9
March	29,611,793.3
April	21,595,452.7
May	35,912,936.5
June	36,472,332.0
July	105,171,164.0
TOTAL	533,015,077.0

Board receipts from producers amounted to 533·0 million bushels as compared with 454·0 million bushels in 1951-52.

On August 1, 1952 there was about 100 million bushels of space available in country elevators for new crop deliveries and some additional space was created prior to harvest. Throughout the crop year there was a sustained movement of grain off farms into country elevators.

Board receipts were particularly heavy in July, 1953. These deliveries resulted from the general use of all available space at the time, and by the desire of producers to deliver as much grain as possible in view of the excellent condition of the 1953 grain crop.

Board receipts from other than producers amounted to 2,080,211·3 bushels.

GRADE PATTERN OF BOARD RECEIPTS

The following table shows Board receipts, by principal grades, in 1952-53:

Grade (including Toughs & Damps)	Total Bushels	% of Total
No. 1 Northern	51,092,541·5	9·6
No. 2 Northern	273,936,304·5	51·4
No. 3 Northern	111,872,879·3	21·0
No. 4 Northern	42,001,200·3	7·9
No. 1 to 4 Durum	7,953,590·9	1·5
No. 1 to 3 Garnet	5,364,799·1	1·0
No. 5 Wheat	29,587,284·7	5·5
No. 6 Wheat	4,163,578·2	·8
Feed Wheat	500,101·3	·1
Other Grades	6,542,797·2	1·2
Total	533,015,077·0	100·0

As shown by the above table, 82·0% of Board receipts graded No. 1 Northern, No. 2 Northern and No. 3 Northern. No. 2 Northern was the principal grade received, receipts of this grade amounting to 273·9 million bushels, or 51·4% of total Board receipts.

In contrast to the crop years 1950-51 and 1951-52, receipts of low grade wheat were relatively small. In addition, the 1952 crop was harvested under generally favourable weather conditions and very little out-of-condition grain had to be handled. The high and more uniform grading of the 1952 crop resulted in more effective use being made of available storage capacity.

TOTAL WHEAT STOCKS—1952-53 POOL

In addition to 1952-53 Board receipts of 535,095,288·3 bushels, 103,208,409·5 bushels were transferred from the 1951-52 Pool to the 1952-53 Pool as at October 24, 1952.*

SALES POLICY—WHEAT

Early in the crop year the Board, in co-operation with handling companies and country elevator agents, made a survey of probable marketable surpluses arising from the 1952 grain crop in the Prairie Provinces. This survey indicated deliverable quantities of grain in excess of 950 million bushels, a figure

*For details of this transfer see Pages 10 and 11 of the Annual Report of The Canadian Wheat Board for 1951-52.

which was only slightly reduced in subsequent estimates. The farm surplus of wheat was estimated at close to 600 million bushels. Apart from all other factors, the unprecedented production of grain provided a compelling reason for the utmost of effort in effecting sales.

The Board's selling operations relating to 1952-53 were commenced well before the start of the crop year and gathered momentum as the harvesting of the record wheat crop of 1952 approached. Fortunately, the ample grain supply position in Canada was accompanied by an active international demand for wheat and other grains. As a result, an unprecedented grain movement occurred within Canada during the crop year 1952-53 in support of a record export movement.

In the two previous crop years the marketing operations of the Board had been complicated by the harvesting of a large volume of out-of-condition grain. In general, the 1952 crop was harvested in a dry condition and this facilitated the grain movement throughout the crop year. In its approach to export markets, the Board also had an advantage in the wide range in grades of wheat available. The milling quality of the 1952 wheat crop was somewhat below normal and this worked against sales in some markets.

During the early part of the crop year the main competition arose from United States wheat. Later on in the crop year the better crops harvested in Argentina and Australia added to competition. Throughout the crop year, however, Canadian wheat held its position in world markets.

World demand was sufficiently strong in relation to world supply that sales of wheat registered under the International Wheat Agreement were made basis the maximum price provided for in the Agreement. Class II prices for milling grades of wheat remained above the Board's prices for wheat sold under the International Wheat Agreement for registration in 1952-53.

In spite of the unprecedented volume of producers' deliveries in 1952-53 and in spite of heavy year-end deliveries of wheat from producers, the visible supply of Canadian wheat increased by only slightly over 75 million bushels between July 31, 1952 and July 31, 1953. This means that the total disposition of wheat in domestic and export trade during the crop year exceeded 450 million bushels.

GENERAL COMMENT

The operating statement of the 1952-53 Pool Account shown below must be regarded as an interim statement only and not comparable to the corresponding operating statements of the 1950-51 and 1951-52 Pool Accounts shown in the preceding Annual Reports of the Board. In the case of the latter Pools it was possible to include final operating statements because these Pool Accounts were closed on October 20, 1951 and October 24, 1952, respectively. On the other hand, the closing of the 1952-53 Pool Account has been deferred and the operating statement which follows shows the position of this Pool as at July 31, 1953.

It should also be observed that the 1951-52 Pool Account was closed as at October 24, 1952 and therefore selling operations applicable to the 1952-53 Pool Account commenced on or about the closing date of the 1951-52 Pool Account. Therefore, the sales figures applicable to the 1952-53 Pools as shown in the following statement include sales for a period of slightly over nine months.

For the purposes of an interim statement on the position of the 1952-53 Pool as at July 31, 1953, unsold stocks of wheat have been valued on the basis of the Board's initial prices and the final operating results of the 1952-53 Pool depend to a considerable extent upon the prices finally realized for these stocks, which at July 31, 1953 amounted to 250,194,512.4 bushels, exclusive of

priced but uncompleted sales of 62,667,567.7 bushels. Board operating costs applicable to the 1952-53 Pool Account are shown to July 31st. These costs will change substantially, and in most cases will increase substantially when the 1952-53 Pool is finally closed.

The operating surplus of \$70,223,769.07 should not be considered as indicating the final surplus in the Pool. It is the operating surplus on the basis of the Pool position as at July 31, 1953 which includes an inventory valuation based upon accepted accounting practice.

1952-53 Pool Account—Wheat

The following table shows the operating position of the 1952-53 Pool Account from August 1, 1952 to July 31, 1953:

		Bushels	
1. Wheat acquired by the Board:			
(a) Producers' deliveries, August 1, 1952 to July 31, 1953		533,015,077.0	
(b) Purchased from the 1951-52 Pool Account—Wheat		103,208,409.5	
(c) Wheat otherwise acquired ¹		2,080,211.3	
Total wheat acquired		638,303,697.8	
		Value	Value
2. Cost of wheat acquired			\$ 988,375,017.62
3. Proceeds of sales and value of unsold stocks of wheat as at July 31, 1953:			
(a) (i) Completed sales at realized prices ..	\$583,694,584.18		
(ii) Uncompleted sales at contract prices ..	114,367,239.23		
Total proceeds from sales	698,061,823.41		
(b) Value of unsold stocks of wheat stated at Board initial prices	379,100,799.35	1,077,162,622.76	
			88,787,605.14
4. Add: Net amount recovered for storage, interest, differential charges, etc.			9,731,455.43
5. Gross surplus as at July 31, 1953			98,519,060.57
6. Operating costs—August 1, 1952 to July 31, 1953:			
(a) Carrying charges, including terminal storage	23,029,616.74		
(b) Interest and bank charges	2,976,038.10		
(c) Additional freight (net)	152,327.84		
(d) Handling, stop-off and diversion charges	537,252.29		
(e) Drying and reconditioning charges, etc ..	203,176.23		
(f) Administrative and general expenses ...	1,396,880.30	28,295,291.50	
7. Surplus in the 1952-53 Pool Account as at July 31, 1953			\$ 70,223,769.07

¹Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices, basis in store Fort William/Port Arthur or Vancouver.

INTERIM PAYMENT TO PRODUCERS

In September, 1953 the Board gave consideration to the financial position of the 1952-53 Pool Account. Owing to the volume of unsold stocks of wheat at that time, the Board was of the opinion that the provisions of Section 29 of the Act should not be utilized to close the 1952-53 Pool by transferring unsold stocks to the 1953-54 Pool. It was the view of the Board that it would be very

difficult to arrive at a price basis for such a transfer and therefore the closing of the 1952-53 Pool under the provisions of Section 29 of the Act should be deferred. At the same time, it was the opinion of the Board that the financial position of the 1952-53 Pool Account was such that an interim distribution of funds could be made to producers who had delivered wheat to the Pool. The Board therefore recommended, and the Governor in Council approved and directed, in accordance with Section 26 (3) of the Act, that an interim payment of 12 cents per bushel on all grades of wheat delivered to the 1952-53 Pool be made. This interim payment was approved by Order in Council P.C. 1953-1479, September 24, 1953 and constitutes a liability of the 1952-53 Pool Account not included in the foregoing statement, which shows the operating position of the Pool as at July 31, 1953. The interim payment involved the distribution of \$63,961,815.36.

SALES OF WHEAT—1952-53 POOL

Board sales during the crop year 1952-53 were divided between the 1951-52 Pool Account and the 1952-53 Pool Account. As shown in the Board's Annual Report for the crop year 1951-52 (Exhibit II), Board sales from August 1, 1952 to October 24, 1952 amounting to 141,047,024.54 bushels were applied to the 1951-52 Pool Account.

During the crop year the Board sold an additional 388,109,185.4 bushels of wheat, these sales being applied to the 1952-53 Pool Account.

The following table shows sales of wheat applicable to the 1952-53 Pool to July 31, 1953:

	Bushels
Domestic Sales	45,351,508.8
Export Sales at Class II prices	134,511,975.3
Export Sales under the terms of the International Wheat Agreement	208,228,277.5
Weight losses in transit and in drying and recon- ditioning	17,423.8
Total Sales	<u>388,109,185.4</u>

As shown by the above table, sales from the 1952-53 Pool for the year ending July 31, 1953 amounted to 388,109,185.4 bushels. Sales of wheat for registration under the International Wheat Agreement were 208,228,277.5 bushels, while Class II sales amounted to 134,511,975.3 bushels. Domestic sales from the 1952-53 Pool were 45,351,508.8 bushels.

OPERATING COSTS—1952-53 WHEAT ACCOUNT

Board operating costs applicable to the 1952-53 Pool amounted to \$28,295,291.50 to July 31, 1953. Against these operating costs the Board recovered \$12,211,487.94 in carrying charges on wheat sold in the domestic market and under the International Wheat Agreement. The net recovery was \$9,731,455.43 after allowing for excess differential charges on export shipments of wheat.

Interest and bank charges amounted to \$2,976,038.10, while administrative and general expenses applicable to the 1952-53 Wheat Account were \$1,396,880.30. Net additional freight charges on wheat shipped from country elevators amounted to \$152,327.84. These charges were incurred principally in the movement of low grade wheat from Alberta to the Lakehead. On wheat shipped to interior terminals, handling, stop-off and diversion charges in the sum of \$537,252.29 were incurred by the Board. Drying and reconditioning charges amounted to \$203,176.23.

Board Selling Prices—1952-53 Wheat Pool

The following table shows Board quotations for sales of wheat under the terms of the International Wheat Agreement and for sales of Class II Wheat, by months, from August 1, 1952 to July 31, 1953 (Basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver):

	International Wheat Agreement Price ¹			Class II Price ²		
	(cents per bushel)			(cents per bushel)		
	High	Low	Average	High	Low	Average
August, 1952.....	173 $\frac{3}{4}$	172 $\frac{3}{4}$	173	218 $\frac{3}{4}$	214	216 $\frac{3}{4}$
September.....	172 $\frac{3}{4}$	172 $\frac{3}{4}$	172 $\frac{3}{4}$	220 $\frac{7}{8}$	214 $\frac{3}{4}$	218 $\frac{1}{2}$
October.....	174 $\frac{1}{2}$	172 $\frac{3}{4}$	173 $\frac{1}{2}$	225	218 $\frac{3}{4}$	221 $\frac{3}{4}$
November.....	177 $\frac{1}{2}$	173 $\frac{1}{2}$	175 $\frac{1}{2}$	231 $\frac{1}{2}$	224 $\frac{1}{2}$	227 $\frac{1}{2}$
December.....	175 $\frac{1}{2}$	174 $\frac{1}{2}$	174 $\frac{1}{2}$	224 $\frac{1}{2}$	219 $\frac{1}{2}$	221 $\frac{1}{2}$
January, 1953.....	175	174 $\frac{1}{2}$	174 $\frac{1}{2}$	220 $\frac{1}{2}$	215 $\frac{1}{2}$	218 $\frac{1}{2}$
February.....	177 $\frac{1}{2}$	174 $\frac{1}{2}$	175 $\frac{1}{2}$	220 $\frac{1}{2}$	216 $\frac{1}{2}$	218 $\frac{1}{2}$
March.....	177 $\frac{1}{2}$	176 $\frac{1}{2}$	177	221 $\frac{1}{2}$	217 $\frac{1}{2}$	219 $\frac{1}{2}$
April.....	177 $\frac{1}{2}$	176 $\frac{1}{2}$	177	217 $\frac{1}{2}$	211 $\frac{1}{2}$	215
May.....	179 $\frac{1}{2}$	177 $\frac{1}{2}$	179	214 $\frac{1}{2}$	208 $\frac{1}{2}$	211 $\frac{1}{2}$
June.....	179 $\frac{1}{2}$	178 $\frac{1}{2}$	179	211 $\frac{1}{2}$	198	205 $\frac{1}{2}$
July.....	179	178 $\frac{1}{2}$	178 $\frac{1}{2}$	210	199 $\frac{1}{2}$	204 $\frac{1}{2}$

¹ Not including the six-cent per bushel carrying charge which was added to the price of all wheat sold for registration under the International Wheat Agreement for the crop year ended July 31, 1953.

² The Board's International Wheat Agreement and Class II selling prices for wheat grading No. 5 and lower were on the same basis from August 1, 1952 to July 31, 1953.

The price at which the Board sold No. 1 Northern Wheat for registration under the International Wheat Agreement from August 1, 1952 to July 31, 1953 was at the maximum provided for in the Agreement.

As in the two preceding crop years, fluctuations in the Board's 1952-53 quoted prices for wheat sold under the terms of the International Wheat Agreement were due entirely to the changing value of the Canadian dollar on exchange markets. (See Pages 1 and 2 of this Report.)

Quotations for No. 1 Northern Wheat registered under the International Wheat Agreement ranged from a low of \$1.72 $\frac{3}{8}$ per bushel in September, 1952 to a high of \$1.79 $\frac{1}{2}$ per bushel in May, 1953. The almost continuous rise in Board quotations throughout the crop year was the result of a gradual decline in the premium paid for the Canadian dollar on foreign exchange markets.

During the first four months of the crop year, Board quotations on Class II Wheat in store Fort William/Port Arthur or Vancouver increased from a low of \$2.14 per bushel in August, 1952 to a high of \$2.31 $\frac{3}{4}$ per bushel in November. A sharp price drop to a low of \$2.19 $\frac{3}{8}$ per bushel occurred in December. Thereafter Class II quotations declined somewhat more gradually to a low of \$1.98 per bushel in June, 1953 and to a low monthly average quotation of \$2.04 $\frac{1}{2}$ per bushel for July, 1953. Throughout the crop year the Board maintained its Class II prices for low grades of wheat at the same level as its selling prices for these grades under the International Wheat Agreement.

From August 1, 1952 to May 19, 1953 the Board sold wheat for domestic use at the same prices at which it sold wheat under the terms of the International Wheat Agreement. On May 19, 1953 the basis of the Board's selling prices for domestic wheat was adjusted to provide for the transition from the first International Wheat Agreement to the revised Agreement scheduled to come into effect on August 1, 1953. For this interim period the Board's domestic price was related either to the maximum price under the revised Agreement or to the Board's Class II price, whichever was the lower.

MR. CASTLEDEN: What are the receipts from others than producers, 2,080,211.3 bushels?

THE WITNESS: Those receipts are from those who would not qualify as producers, overages and things of that nature.

By Mr. Harkness:

Q. Is most of that overages?—A. Yes.

Q. How much of the total are overages?—A. I would have to give you the breakdown on that.

MR. CASTLEDEN: No person other than a producer is permitted to sell grain?

THE WITNESS: The producer is confined under the Canadian Wheat Board. It happens occasionally that someone takes grain and loses the right of delivery. We do not encourage them to do that. In that case we can pay them only the initial price.

By Mr. Mang:

Q. Owing to the dollar shortage, we have out there now some merchants who are taking in grain. Would that come under this figure on accounts or bills or something of that kind?—A. No, because the merchant usually makes arrangements with the producer to provide for the eventual delivery of the grain under the permit book.

Q. The original producer?—A. And that would go into the pool. The producer would get the participation certificate, and the merchant would have specified whatever his claims were on the grain. That is the usual procedure.

Q. As long as the merchant delivers the grain he has taken in on the producer's original permit he can take in as much as he wants, and he has no way of selling it himself?—A. The only way he can sell it is if eventually our storage position is clear enough so that we can say that we can take delivery of this wheat; he can take it in and deliver it in his own name, but he gets only the initial payment.

Q. Would he have to have a special permit for that?—A. No.

Q. He might have to keep it for a number of years?—A. I am afraid that he would have to keep it for a considerable time under present conditions.

Q. These certificates would go to the original producers?—A. In the case I have just illustrated, the identity of the grain would be lost and he would have just grain to deliver. The producer would not figure in the delivery. He would be paid only the initial price when he would deliver the grain, but if he makes arrangements to preserve the identity of the grain and makes arrangements for the producer to deliver it, then the producer gets the participation certificate and the initial payment is paid as requested by the producer.

MR. CASTLEDEN: This is the same deal as between farmers who take one another's grain?

THE WITNESS: Yes, I think that would apply. I do not want to mislead the committee in any way, but there is a Saskatchewan Act which we have run into during the last few days, that places certain restrictions on deliveries. I saw it only the other day for the first time, and I would not like to try to explain it.

MR. RIDDEL: It is on sales.

THE WITNESS: When we saw that, we came to the conclusion that we had to look into the matter further so that no one would be misled in regard to it. I am not in a position now to go into it, because I saw it only for a moment the other day.

Mr. JOHNSON (*Kindersley*): I would suggest that Mr. McIvor summarize these sections. Some of them are a little difficult to follow.

The CHAIRMAN: This No. 11 is a long one, on the Pool Account.

The WITNESS: Mr. Chairman, we come to this grade pattern of board receipts. The figures show the receipts. As you will realize, there was a small relative quantity of No. 1 Northern and a very large quantity of No. 2 Northern in the 1952-53 crop. As compared with the previous crop year, you can see also the large decline in the availability of No. 5 and No. 6 wheat which in the previous year, as you know, ranged over 100 million. That is the main reason why we are getting down to the bottom of the bin on No. 5 and No. 6 wheat.

The next item deals with total wheat stocks, and there is no comment necessary on that.

Then, I think, with regard to sales policy that is an important point and I might read that in full:

SALES POLICY—WHEAT

Early in the crop year the Board, in co-operation with handling companies and country elevator agents, made a survey of probable marketable surpluses arising from the 1952 grain crop in the Prairie Provinces. This survey indicated deliverable quantities of grain in excess of 950 million bushels, a figure which was only slightly reduced in subsequent estimates. The farm surplus of wheat was estimated at close to 600 million bushels. Apart from all other factors, the unprecedented production of grain provided a compelling reason for the utmost of effort in effecting sales.

The Board's selling operations relating to 1952-53 were commenced well before the start of the crop year and gathered momentum as the harvesting of the record wheat crop of 1952 approached. Fortunately, the ample grain supply position in Canada was accompanied by an active international demand for wheat and other grains. As a result, an unprecedented grain movement occurred within Canada during the crop year 1952-53 in support of a record export movement.

In the two previous crop years the marketing operations of the Board had been complicated by the harvesting of a large volume of out-of-condition grain. In general, the 1952 crop was harvested in a dry condition and this facilitated the grain movement throughout the crop year. In its approach to export markets, the Board also had an advantage in the wide range in grades of wheat available. The milling quality of the 1952 wheat crop was somewhat below normal and this worked against sales in some markets.

During the early part of the crop year the main competition arose from United States wheat. Later on in the crop year the better crops harvested in Argentina and Australia added to competition. Throughout the crop year, however, Canadian wheat held its position in world markets.

World demand was sufficiently strong in relation to world supply that sales of wheat registered under the International Wheat Agreement were made basis the maximum price provided for in the Agreement. Class II prices for milling grades of wheat remained above the Board's prices for wheat sold under the International Wheat Agreement for registration in 1952-53.

In spite of the unprecedented volume of producers' deliveries in 1952-53 and in spite of heavy year-end deliveries of wheat from producers, the visible supply of Canadian wheat increased by only slightly over 75 million bushels between July 31, 1952 and July 31, 1953. This means that the total disposition of wheat in domestic and export trade during the crop year exceeded 450 million bushels.

Mr. ARGUE: The selling policy of the board would be dealt with in the supplementary report. It is just about the same now as it was then, that is, the same general policy to hold the price line at the best possible price.

The WITNESS: I do not think, Mr. Chairman, that I should be discussing the selling policy of the board.

Right Hon. Mr. HOWE: I think you mean this supplementary report?

Mr. ARGUE: Yes.

Right Hon. Mr. HOWE: Or the present one?

Mr. ARGUE: My question related to the rates, the two of them.

The WITNESS: It is not that I object to answering the question, but we are in the process of selling wheat now and I do not think that it would be advisable for me to comment now.

Right Hon. Mr. HOWE: I do not think that we ought to talk about prices in the current crop year.

By Mr. Mang:

Q. There is a statement there that there was a record export movement of grain during 1952-53?—A. That is right.

Q. That would mean that we had the highest markets that we have ever had?—A. That is right.

Q. Do I understand it correctly that in 1952-53 we had the greatest market we ever had?—A. The greatest amount of grain ever exported from this country in its history. That is total grain.

By Mr. Argue:

Q. Throughout the period covered by the pool account, was it the pool's policy—and I think it was a good policy—to sell on behalf of the producer, to sell the grain at the best possible price?—A. That will always be our policy.

Q. In the period covered by this report was the spread between No. 1 wheat and No. 5 wheat, say, approximately the same throughout the total period, or did you bring it closer? What happened to the price of feed wheat and so on?—A. It varied a little, Mr. Argue. I would like to explain the position with regard to No. 5 and No. 6 wheat. To all intents and purposes, you are dealing with a separate market from the milling grades. There are exceptions to that, but in general it is needed for specialized markets, and those grades of wheat are affected by competitive grain, such as American corn. For example, if our No. 6 wheat is out of line with American corn, and our big market for No. 6 wheat is in the United States, and if we resisted that position, we would not sell any No. 6 wheat to the United States and they would use corn. We have to keep ourselves flexible in regard to those grades of wheat.

By Mr. Argue:

Q. In the period under review—I do not want you to take offence at this, because there is nothing offensive in it, I assure you—do you agree with those critics of the board who say that the Wheat Board in the period under review would have sold more wheat with the prices down?—A. In this period?

Q. Yes?—A. I do not.

Q. Do you think the Wheat Board not only got the farmers the best possible price, but sold on their behalf the greatest possible number of bushels?—A. Yes, and I will go a step further and say that if that low-grade wheat had been thrown on the open market you would have had quite a wreck. I do not think that there would be any questions about it.

By Mr. Harkness:

Q. To what extent is our price policy dictated by the United States price policy?—A. It is a very important factor.

Q. What I am getting at is this: to what extent are we a free agent as far as prices you may set are concerned?—A. I feel that we are completely free agents as far as we are concerned. We have to use some judgment about what we do, because you cannot rule out the American surplus as being something that does not exist.

Right Hon. Mr. HOWE: You are a free agent to the same extent as an automobile agent when he sells automobiles in South Africa. If he charges too much, he does not sell them. If he charges too little, he may lose a lot of money. No one is a free agent in an export market.

Mr. HARKNESS: But our policy is dictated to a large extent by the American policy?

Right Hon. Mr. HOWE: It is dictated by the American, Australian Argentinian, and everyone else's policy.

Mr. HARKNESS: Essentially by the American, because they have the biggest surplus, and also their price support policy holds the price up?

Mr. CASTLEDEN: I should think so, because they can sell lower than we can, since they subsidize the producer.

Mr. HARKNESS: What it comes down to is that the price we offer wheat for is dependent really on the price the United States offers wheat for?

The WITNESS: If you went to Washington and said that the prices they offered wheat for depended on the prices that Canada offered wheat for, there would be a certain amount of agreement. We watch their price situation very carefully. We watch it every day, and I think they are just as keen in watching our price situation. There are only so many markets for wheat in the world and we have to use our own judgment in regard to the sale of wheat. We know that we cannot get all the business. We know that other exporters are going to get some, and in general the situation is watched from day to day in consideration of the position at the time. I think that is all I can say.

Mr. ARGUE: It is fair to say that in both Canada and the United States there is a feeling, an outlook, a practice, that one should not undersell the other to the point of risking the wheat price structure.

The WITNESS: I think that sometimes they think we are too active salesmen. I know that sometimes they are too active salesmen.

Mr. ARGUE: Not price-wise.

Right Hon. Mr. HOWE: Everyone knows that if they put the price down they will never get it up again.

Mr. ARGUE: On automobiles again.

By Mr. Harkness:

Q. This matter of lower grades of wheat was mentioned a while ago. To what extent during this period you are reviewing did lower-grade wheat, we will say, clog the elevator space and therefore hinder your operations? Was it a major factor in preventing deliveries from being made?—A. There have been some isolated points where low-grade wheat, particularly in southern Alberta, was difficult to move.

Q. There is a general opinion amongst many Alberta farmers that the fact that most of the low-grade wheat taken in was not moving was responsible to a great extent for difficulties in deliveries.—A. I will say this, and I do not want to give the board a pat on the back, but if we had not had some agency to have fed that low-grade wheat into the market over a period of time, I do not know

where the price of low-grade wheat would have gone, because there simply was not anybody willing to buy it. You would have to wait your time until the demand came in. That is what the board did. I think that any other effort would have been disastrous.

By Mr. Argue:

Q. In a period where you have too much low-grade wheat, and you are short of high-grade wheat?—A. No, in this period under review, we took care of any demand we had for high-grade wheat, and there were many people in this country who said that we would never be able to sell the quantities of low-grade wheat we had.

Q. Not only did you sell the low-grade wheat but you sold the high-grade too?—A. We did good business in both, but there were some cases where it was necessary to hold low-grade wheat in country elevators pending the market.

Mr. WESELAK: Now stocks are down to normal.

By Mr. Harkness:

Q. Is the price of this low-grade wheat a realistic price in comparison with the higher grade? In other words, is the spread reasonable? I say that particularly in view of the fact that during the last two years you could buy No. 1 feed barley. Low grade wheat has to be used for feeding or industrial purposes. You could buy No. 1 feed barley for \$1.10, or something like that, which had a good deal more feed value than a bushel of feed wheat, which was \$1.50.—A. In answer to your question, the answer must be that we sold a great deal, and if the spread was unrealistic we would not have sold it. We are virtually in a position where we have comparatively little low-grade wheat left. We sold low-grade wheat last week at our present prices. I think that if prices had been too high compared to barley we would not have been able to sell it, but we sold a million bushels.

Q. I am thinking more of No. 6 and feed. You said that No. 5 is a mill wheat in some countries.—A. We have no feed wheat to speak of, and we can sell all the No. 6 wheat we can get in the terminal positions today.

Q. What is the spread at the present time as between No. 1 and No. 6 for feeding?

Mr. RIDDEL: As at April 30, the last prices I have, the spread between No. 1 and No. 5 was 17 cents per bushel. That is the domestic price. Between No. 1 and No. 6 it was 18 cents per bushel, and between No. 1 and feed it was 22 cents per bushel.

By Mr. Argue:

Q. The percentage of high-grade wheat for the period under review: You have a sentence in here that the milling quality of the 1952 wheat crop was somewhat below normal?—A. That is protein.

Q. 1953 was an improvement?—A. I regret to say that it was not. At any time when we get these huge crops, with ample rainfall, we can look for low protein.

By Mr. Castleden:

Q. They more or less govern themselves by the protein content?—A. Yes, unless you can sell them a certain protein you cannot sell them at all and they can get the protein elsewhere, for instance in American spring wheat. We have found, for example, in markets like the Philippines, which is one of our big flour markets, and Cuba, that unless they can buy a certain protein they just will not buy our flour.

Q. It must have a large protein content?—A. Yes.

By Mr. Blackmore:

Q. Could you give us a reason for this?—A. In Cuba, the reason is that they like high protein flour to make good bread. They like their bread good and they will not be satisfied with anything less than good bread and I suppose the same situation exists in the Philippines. They are choosy.

By Mr. Johnson (Kindersley):

Q. They are as choosy as Canadians?—A. They are just as choosy, I would say.

Q. Just on that same point where do you find the maximum protein content in Saskatchewan?—A. Normally the highest protein content is found in south-western Saskatchewan under normal conditions, but this particular year I think it is mostly around the Saskatoon area.

Mr. RIDDEL: For a number of years it has been there.

By Mr. Pommer:

Q. Is that for the three provinces or just for Saskatchewan?—A. No, the three provinces, and by the same token south-eastern Alberta normally has a high protein content. Now, the reason for that usually is light crop in those areas which are sometimes short of rain, but they have had huge crops in these areas the last few years and a very low protein content.

The CHAIRMAN: Carried?

Carried.

May we take "Interim payment to producers"? ("General comment"?)

GENERAL COMMENT

The operating statement of the 1952-53 Pool Account shown below must be regarded as an interim statement only and not comparable to the corresponding operating statements of the 1950-51 and 1951-52 Pool Accounts shown in the preceding Annual Reports of the Board. In the case of the latter Pools it was possible to include final operating statements because these Pool Accounts were closed on October 20, 1951 and October 24, 1952, respectively. On the other hand, the closing of the 1952-53 Pool Account has been deferred and the operating statement which follows shows the position of this Pool as at July 31, 1953.

It should also be observed that the 1951-52 Pool Account was closed as at October 24, 1952 and therefore selling operations applicable to the 1952-53 Pool Account commenced on or about the closing date of the 1951-52 Pool Account. Therefore, the sales figures applicable to the 1952-53 Pool as shown in the following statement include sales for a period of slightly over nine months.

For the purposes of an interim statement on the position of the 1952-53 Pool as at July 31, 1953, unsold stocks of wheat have been valued on the basis of the Board's initial prices and the final operating results of the 1952-53 Pool depend to a considerable extent upon the prices finally realized for these stocks, which at July 31, 1953 amounted to 250,194,512.4 bushels, exclusive of priced but uncompleted sales of 62,667,567.7 bushels. Board operating costs applicable to the 1952-53 Pool Account are shown to July 31st. These costs will change substantially, and in most cases will increase substantially when the 1952-53 Pool is finally closed.

The operating surplus of \$70,223,769.07 should not be considered as indicating the final surplus in the Pool. It is the operating surplus on the basis of the Pool position as at July 31, 1953 which includes an inventory valuation based upon accepted accounting practice.

The WITNESS: This "general comment" refers to the general operating account of the pool. It says that it must be regarded as an interim statement and that is the reason the board made the recommendation to the minister that we should put out a supplementary report. Otherwise, the committee and the public generally would have been faced with a situation terminating at the 31st of July, 1953 which would not have given a full picture of the situation, so this is the first time that a supplementary report has been put out by the board. I think it would be of value, Mr. Chairman, if I might suggest it, that we do not spend too much time on this particular phase of the report because we will be coming into the later phases which will bring the situation up to the 30th of January.

By Mr. Argue:

Q. In making a general recommendation, a pool period was wound up at a given time. What are the general considerations in the mind of the board as to when a pool period can be wound up?—A. The general consideration relating to pool periods is that they should be wound up at a period of time when your stocks can be reduced to the lowest possible point, so that in making the transfer from one year to the other we do not affect either the old year too much, or the new year too much. That is the main consideration.

Q. It is felt that a period of about 100 million bushels is sufficient?—A. I think when the amendment to the Act was written that everyone was thinking in terms of smaller quantities as a transfer, but you know, of course, of the production that has taken place and as a result the transfer figures are very large.

The CHAIRMAN: Interim payment to producers?

The WITNESS: This deals with the interim payment which was made of \$63 million. I think perhaps I should read it:

In September, 1953 the Board gave consideration to the financial position of the 1952-53 Pool Account. Owing to the volume of unsold stocks of wheat at that time, the Board was of the opinion that the provisions of Section 29 of the Act should not be utilized to close the 1952-53 Pool by transferring unsold stocks to the 1953-54 Pool. It was the view of the Board that it would be very difficult to arrive at a price basis for such a transfer and therefore the closing of the 1952-53 Pool under the provisions of Section 29 of the Act should be deferred. At the same time, it was the opinion of the Board that the financial position of the 1952-53 Pool Account was such that an interim distribution of funds could be made to producers who had delivered wheat to the Pool. The Board therefore recommended, and the Governor in Council approved and directed, in accordance with Section 26 (3) of the Act, that an interim payment of 12c per bushel on all grades of wheat delivered to the 1952-53 Pool be made. This interim payment was approved by Order in Council P.C. 1953-1479, September 24, 1953 and constitutes a liability of the 1952-53 Pool Account not included in the foregoing statement, which shows the operating position of the Pool as at July 31, 1953.

Now, as we come into the new report there will of course be figures extended to the 30th of January.

By Mr. Argue:

Q. When the interim payment referred to was made, was there sufficient money on hand to make the payment or was some borrowed?—A. I wonder if you would be good enough to reserve that question until our comptroller comes because he will deal with all the financial aspects.

Mr. HARKNESS: Before we leave this section, I think Mr. Riddel was going to get a breakdown of the receipts from other than producers?

Mr. RIDDEL: Yes, Mr. Chairman. The figures shown on the first statement have been varied in the supplementary statement. The actual figures for receipts from other than producers—the final figures—are 2,110,381·9 bushels. That is slightly different from what is shown in this statement.

Mr. HARKNESS: What page is that on?

Mr. RIDDEL: You will find it on page 9 of the annual report and on page 3 of the supplementary report. The correct figures are 2,110,381·9 bushels and the breakdown is as follows: Terminal overages, 459,257·3 bushels; less shortages, 320,528 bushels.

Mr. HARKNESS: What was that?

The WITNESS: Less shortages, 320,528 bushels.

Mr. HARKNESS: No, what does it represent?

Mr. RIDDEL: That represents shortages of certain grades. Country elevator shortages and overages were 1,943,555·5 bushels. Special purchases from other than producers were 9,681·4 bushels. Government inspection samples purchased from the Board of Grain Commissioners were 18,415·5 bushels, making a total of 2,110,381·9 as shown in the supplementary statement.

Mr. HARKNESS: How did these overages on country elevators principally arise—through too high a grade being imposed?

The CHAIRMAN: What section are we on now?

Mr. HARKNESS: We were on this point when Mr. Riddel started to look up the figures and we went on to another subject—page 11.

The CHAIRMAN: I suggest we should not get into overages here because that is a question which will come up later.

Mr. HARKNESS: We were discussing overages before and were just waiting for the material.

The WITNESS: I think, Mr. Chairman, if I might suggest it, that this is a question which will be coming up next week and our position is that these overages are taken over at the initial payment price by the board. We are getting into technicalities concerning how overages arise and I do not know whether that is our field or not.

The CHAIRMAN: You can only quote the figures of the Board of Commissioners?

The WITNESS: Yes.

Mr. RIDDEL: We purchase the overages from the elevator companies and the terminals.

Mr. HARKNESS: You say you purchase them at the initial price and do not make any other payment on them?

Mr. RIDDEL: No, the Act does not authorize us to make any additional payments.

Mr. HARKNESS: The money then goes into the hands of the elevator companies?

The WITNESS: Yes.

The CHAIRMAN: Gentlemen, it is 1 o'clock. Before we go we should decide whether we will meet this afternoon. Perhaps it would be a good idea, because we have not accomplished very much today, nor have we progressed very far in the report, and we should like to dispose of the board this week. Tomorrow is not a good day to meet for many reasons. I thought perhaps we could meet this afternoon and then again on Thursday morning. We have a room reserved, and probably we could finish up on Thursday or possibly

Friday. We have managed to secure a room for this afternoon. The room is on the Senate side—number 368—on the third floor by the tower. Shall we adjourn until 3.30 this afternoon?

Carried.

AFTERNOON SESSION

The CHAIRMAN: Gentlemen, I see a quorum, so we will proceed where we left off at one o'clock. I am not sure whether we had disposed of the "Interim Payment to Producers". That was my impression at the time. If that is the case, then we will go on. We are still on the "1952-53 Pool Account—Wheat", No. 11. I think that we had finished the "Interim Payment to Producers".

M. Geo. McIvor, Chief Commissioner, The Canadian Wheat Board, recalled:

The WITNESS: Mr. Chairman, gentlemen, the next section deals with the sales of wheat for the crop year 1952-53. It states that, as shown in the board's annual report for the crop year 1951-52, the board sales from August 1, 1952 to October 24, 1952 amounted to 141 million bushels, which were applied to the 1951-52 pool account. During the crop year the board sold an additional 388 million bushels of wheat, these sales being applied to the 1952-53 pool account. The next table shows the breakdown of sales; domestic sales, 45 million; export sales at Class II prices, 134 million; export sales under terms of the International Wheat Agreement, 208 million; weight losses in transit and in drying and reconditioning, 17 thousand bushels. As shown by the table, sales from 1952-53 pool for the year ending July 31, 1953 amounted to 388 million bushels.

By Mr. Harkness:

Q. That means that the total sales of wheat were 529 million bushels in that period?—A. No.

Q. 141 million bushels applicable to the 1951-52 pool, and 388 million applicable to the 1952-53 pool?—A. Yes, that is right.

Q. Those were the sales. What were the deliveries for that period? In other words, how much of that was wheat for future delivery?—A. You mean, how much was actually exported from the country?

Q. Exported or delivery taken for domestic use?—A. Mr. Davidson, would you mind coming over to this side of the table, please, as I think we need you here. What is your question, Mr. Harkness?

Q. How much of this 529-odd million bushels was delivered?—A. Shipped or delivered in Canada, is that it?

Q. Yes—A. 62 million bushels on the 31st July, 1953. We had 62 million bushels of open sales that had not been shipped.

Q. In other words, the disappearance during that period was 62 million bushels less than the 520 million odd.

Mr. ARGUE: That statement was made further back, on page 9, that the disappearance was 450 million.

Mr. RIDDEL: That would make it 458 million.

Mr. HARKNESS: 458 million was the disappearance? The figures for the disappearance and the figures for sales, of course, are never the same. What other element enters in to make that difference, besides these open sales? What makes the difference between sales and disappearance?

The WITNESS: I will ask Mr. Davidson if he would not mind taking over at this point. He is our statistician, and I think that he could give you a more useful answer.

Mr. DAVIDSON: The main difference is that the disappearance figures are calculated from stock figures as compiled each week by the Board of Grain Commissioners for Canada. You may have grain which is sold according to our records, but which may be shown as in the visible supply on a particular date. The two sets of figures very seldom match.

Mr. HARKNESS: Are there any other factors that enter into that besides these open sales of which delivery has not yet been taken?

Mr. DAVIDSON: None other, except in the date of reporting stocks and so on. There are minor variations.

Mr. HARKNESS: The disappearance applies only to grain which is in country elevators or terminal elevators?

Mr. DAVIDSON: That is right. It is very difficult at any particular point of time to balance the board position against the visible stock position in Canada.

Mr. HARKNESS: The only way of arriving at the amount of wheat on hand and amount disposed of is on the basis of the disappearance figures?

Mr. DAVIDSON: That is a very accurate method. We use it very consistently ourselves in checking our general position in Canada.

The CHAIRMAN: Can we go to the next item?

By Mr. Castleden:

Q. Could you give us a breakdown on the sales of Class II wheat as compared with sales under the International Wheat Agreement?—A. Do you mean the quantity?

Q. Yes, the different grades of wheat and prices. How would they compare with what you sold under the International Wheat Agreement?—A. We have the board selling prices for Class II and I.W.A. wheat, but we have not a breakdown on the grades.

Q. You would get the grades and the prices?—A. No.

Q. You have not the figure on how many bushels of No. 2 or No. 4 wheat is sold under the International Wheat Agreement?—A. No, we have not.

The CHAIRMAN: Shall we go to "Operating Costs—1952-53 Wheat Account"?

The WITNESS: This statement, Mr. Chairman, relates to the operating costs applicable to the 1952-53 pool, amounting to approximately \$28 million to July 31, 1953. Against these operating costs the board recovered a little over \$12 million in carrying charges on wheat sold in the domestic market and under the International Wheat Agreement. The net recovery was \$9,731,000 after allowing for excess differential charges on export shipments of wheat. Interest and bank charges amounted to \$2,976,000, while administrative and general expenses applicable to the 1952-53 wheat account were \$1,396,000. Net additional freight charges on wheat shipped from country elevators amounted to \$152,000. These charges were incurred principally in the movement of low-grade wheat from Alberta to the lakehead. On wheat shipped to interior terminals, handling, stop-off and diversion charges in the sum of \$537,000 were incurred by the board. Drying and reconditioning charges amounted to \$203,000.

Mr. HARKNESS: This \$152,000 means that the net return under the feed wheat which was sold was reduced by that amount?

The WITNESS: Yes. We buy all the wheat in Alberta on the basis of Vancouver freight rates. If we have to move it east, we have to absorb the differential. The producer is paid on the basis of Vancouver rates.

Mr. ARGUE: Is this the point at which I might get a breakdown of the operating costs?

The WITNESS: Mr. Riddel suggests that if it is satisfactory to you, these are the July 31 figures and in order that we do not duplicate the work of the committee perhaps we could give you the final January 30 figures when we come to that.

Mr. ARGUE: Fine.

By Mr. Johnson (Kindersley):

Q. Does this \$28 million, board operating costs, cover storage paid by the board?—A. The bulk is storage.

Q. Other than that shown in Exhibit VII and so on?—A. Yes.

By Mr. Castleden:

Q. Are the interest charges of almost \$3 million on advances made before the wheat is sold?—A. No, that is actual interest paid to the bank against the bank loans.

Q. Advances in initial payments?—A. And advances paid to the board by our agent on wheat taken over for shipment to the lakehead.

Q. None of that, I would take it, is on additional payments to farmers?—A. No.

The CHAIRMAN: "Board Selling Prices".

By Mr. Argue:

Q. I presume that your interest and bank charges go up the more wheat you have on hand, is that right? Or does it depend on some other factors?—A. Our interest and bank charges are related to the amount of wheat that we have to carry, actually on hand. As we sell our wheat, our loans to the banks go down. As we take increased deliveries from the producers, our loans go up.

Q. When an elevator company acting as your agent purchases wheat, do they carry the wheat?—A. Yes, we pay them a daily carrying charge which would be included in this \$28,295,000.

Q. If the wheat is in a local elevator, the local marketing point, the interest charges on carrying that wheat are borne by the elevator company?—A. No, they are borne by the board and included in the carrying charge rate. It is a fixed per diem rate per bushel.

Q. You pay the $\frac{1}{35}$ to the elevator company?—A. When the producer delivers his wheat, the elevator company as our agent takes delivery on our behalf. We pay them a daily carrying charge, which is $\frac{1}{35}$ of a cent per bushel per day, plus interest charges. I can give you the daily figure if it would be of interest for you.

Mr. HARKNESS: Interest on what, the cost of the wheat?

The WITNESS: Yes, on the dollar value of the wheat.

Mr. ARGUE: What is the rate of interest?

The WITNESS: The rate of interest in the country is 4 per cent.

By Mr. Harkness:

Q. When do you pay the elevator companies for that?—A. When it is delivered to the terminals or the mill, when it goes off charges.

Q. If it stays in the terminal elevators, you are paying this $\frac{1}{35}$ on the cost of the wheat for that period?—A. That is right.

By Mr. Argue:

Q. But the elevator company in the meantime has borrowed the money to carry the wheat and you pay them 4 per cent in relation to whatever interest they themselves may have had?—A. That is right, they have to borrow the money to pay for the wheat to the producer.

Q. What is their common interest rate?—A. Four per cent.

Mr. MANG: That means that on all the wheat of the last crop that is not sold but is in storage at Fort William and terminal points we are paying interest, at any rate until it is cleared up?

The WITNESS: On all the wheat in the country we pay a carrying charge, which is a composite charge. Would you mind giving those figures, Mr. Riddel?

Mr. RIDDEL: .0416 per day, which is the storage of $\frac{1}{35}$ of one cent per bushel per day, plus 4 per cent interest calculated on the average price of a bushel of wheat carried in country elevators. That is the initial payment price at Fort William less an average freight rate.

By Mr. Argue:

Q. When a quantity of wheat goes bad in the country, held by a local elevator company, that is a loss, I presume, to that company?—A. That is right.

Q. And the Wheat Board does not require the elevator company to have any particular specifications for storage? They take the risk themselves, and if they put it in poor storage their risk is higher?—A. They must deliver the grain to the board that they take from the producer, and if they fail to deliver that grade they are paid only for the grade that they deliver.

The CHAIRMAN: I presume that this applies to all the other grains, not just to wheat?

The WITNESS: Yes, the same principle applies.

By Mr. Harkness:

Q. In a situation where you are paying relatively large sums of interest on the grains being held throughout the country, at the same time the board would have a very large amount of cash on hand?—A. Yes, that could be, although we do make an arrangement with the banks to obtain some interest allowances on the money we deposit with the banks. It is not as high a rate as we have to pay out.

Q. What do you get on that, 2 per cent?—A. No.

Q. One and one-half per cent?

Mr. EARL: A half of one per cent.

By Mr. Harkness:

Q. Do you not have a loss under these circumstances of $3\frac{1}{2}$ per cent?—A. Yes, although actually with our system of payments going out, it is not usual for us to have large funds in the hands of the banks.

Q. You would nearly always have a fair amount, except immediately after you have made an interim payment?—A. There are times when we have a deficit with the banks.

Q. Sometimes you pay out more with the initial and final payments than you have cash in hand?—A. As is usual with businesses, we inventory our stocks and arrive at our balance sheet.

Q. But in the large majority of cases you have cash in the bank, but you have to pay interest on other money you have to borrow from the bank? A. I am getting into a field with which I am not too familiar, and may be getting into trouble. Mr. Earl.

Mr. EARL: It would depend on the position in respect to the stocks that were carried. At the end of July, it is true we did have money on hand with the banks, but because of payments made on account of heavy deliveries by producers, and because of the fact that their sales position, which is their only source of revenue, went down, that position could change, and we

might be borrowing from the banks. Generally, I think it is a fair statement that in the last few years we have not held large amounts of deposits with the banks over a long period of time by reason of the fact that large payments were made to producers.

Mr. ARGUE: When you were ready to pay the interim payment, that was talked about, you would have almost the total amount of interim payment on hand? Is that right?

Mr. EARL: Something more than half.

Mr. ARGUE: Which would be \$35 million?

Mr. EARL: That is right.

Mr. HARKNESS: Is there any practical means of avoiding some of these interest charges?

The WITNESS: We have exhausted the field in that respect. As a matter of fact, at one time we used to invest our money in bonds, but under the operating system that we have today that perhaps might not be too satisfactory a system to follow, because there are risks there that might have to be accepted. In general I think we work out all right, but we have tried in every way possible to keep our interest payments as low as possible, and if anyone here has any suggestions to make which are safe suggestions, we might be willing to consider them. But we must as a necessity maintain sufficient money in the banks to take care of our current operation, and it is not an easy question.

Mr. MANG: You said that quite a large volume of the wheat is not yet sold from last year. What would the considerations be toward making an interim payment, even though a large volume of that wheat was not yet sold? Could you set an interim payment, say, at 10 cents, not for the public but for doing business, and then as soon as you have enough to pay that dime, pay it instead of waiting until you have 20 cents? I mean, how soon could we have an interim payment?

Right Hon. Mr. HOWE: You are setting up a bad principle. We usually borrow a good part of the money we pay out. If we waited for the bank, we would be waiting for quite a while.

The WITNESS: I did not see you arrive, Mr. Howe. I am glad you are here.

Mr. ARGUE: Is it practical to lend money to some of the elevator companies? It seems to me to be bad if you have money on wheat that is obtaining only half of one per cent and you are paying some of the elevator companies four per cent for a duplication of that sum of money.

The WITNESS: Well, we have considered that and the general complaint from the banks—I do not know whether this would apply now; it is doubtful that it would—in the past has been that we do not borrow enough money from them, and at times we have been able to use our wheat money to finance our other operations, coarse grain operations. There is a free interchange there which enables us to dispose of funds.

By Mr. Harkness:

Q. Your money all goes into one pot in other words?—A. Yes. Our accounts are separate but our money goes into one pot but I can assure you Mr. Earl does not leave any idle money around, if there is any way in which it can be put to work. Mr. Riddel is our financial expert and perhaps he may be able to add something.

Mr. RIDDEL: Mr. Chairman, we have considered proposals of that nature from time to time, but it is very difficult to carry out any such proposal without extending it to all of our agents. Generally speaking, we finance all of the

grain which we carry in store in terminal positions at Port Arthur-Fort William and at Vancouver. Grain carried in other positions is financed by our different agents, either the country elevator companies or the mills and shipping agents in the east.

The CHAIRMAN: Page 12.

By Mr. Bryson:

Q. In connection with diversion payments, are they made to milling companies?—A. They come under two categories, the diversion premiums that are paid by the mills are made on negotiation between elevator companies and the mills. We do not enter into that except to incorporate the rates into our annual handling agreement. There are other diversion charges which are paid on wheat that goes to the interior terminals and Port Churchill and Prince Rupert. Every year we sit down with the elevator companies, producer companies and private companies, and we negotiate an overall handling agreement. We have tried in every year of negotiation to either have them reduce the diversion charges or in some cases eliminate them, but their argument is that this is an overall agreement and that if they were to eliminate the diversion charges that they would have to obtain the revenues some place else. It is a question that has been raised by farm organizations. We had it raised no later than last Thursday in Winnipeg. The Farmers Union raised this question. They gave a statement to the newspapers to that effect, so I am not going behind their back. We have not been able to eliminate diversion charges. The argument of the companies is that the diversion charges are an offset against the fact that the grain does not go through their own terminals. Due to the fact that it does not go into their terminals they lost the revenue and require these diversion charges. The big end of the diversion charges are those charges paid by the mills to the companies which are not in any way paid by the producer.

By Mr. Argue:

Q. Is it not correct that the companies that want the diversion charges are getting every possible bushel of wheat anyway so if it does take away a certain quantity of wheat that is made up by another quantity and of identical wheat?—A. Their argument is if this wheat did not go elsewhere then their own terminals would handle it eventually and they would get the revenue.

By Mr. Dinsdale:

Q. I notice the diversion rate on grain moving to the government inland terminals reduced from 2 per cent to 1½ per cent last year. That did not apply to other than government inland terminals?—A. I do not think that is right. I think the charge is the same as the previous year.

The CHAIRMAN: I thought that I saw something to that effect somewhere.

Mr. HARKNESS: Number 10.

The WITNESS: Are you talking about last year now?

The CHAIRMAN: Number 10 on page 8. "There was a reduction from two cents to 1½ cents per bushel in the diversion charge paid on wheat shipped or diverted to interior government terminals."

The WITNESS: That is referring to the previous year. I thought you were talking about this last agreement. I am sorry. We were talking about two different things. I was referring to this past handling agreement. This relates to the handling agreement the previous year.

Mr. ARGUE: The charge now is still a cent and a half?

The WITNESS: Yes. Would you like the various diversion charges?

Mr. DINSDALE: Yes, I would.

Mr. RIDDEL: I will give you a summary of them. On the wheat shipped to the mills the diversion charge for top grades is 2 cents per bushel. On certain lower grades the rate is $2\frac{1}{2}$ cents and in addition, if the wheat is tough or damp, an additional half cent per bushel. On all wheat shipped at Churchill and Prince Rupert $1\frac{1}{2}$ cents per bushel. On wheat shipped to interior government terminal 1 cent per bushel, except on all wheat reshipped to the companies own terminal facilities. On all tough and damp wheat $1\frac{1}{2}$ cents per bushel regardless of whether shipped to the companies own facilities or not.

Mr. HARKNESS: What is the reason for that? Is that an extra drying charge or something?

Mr. RIDDEL: Yes, that would reduce the drying charge obtainable if the wheat was dried in the terminals.

Mr. HARKNESS: The tough and the damp has a cent and a half in addition?

Mr. RIDDEL: Only if it goes to an interior terminal instead of straight to the companies terminal. This is only wheat going into the interior terminals. I am giving the rate of diversion charges going into interior terminals.

Mr. ARGUE: In the past a great deal of operating charges were recovered from something called carrying charges. The carrying charges referred to here does not exist today?

Mr. RIDDEL: No.

Mr. ARGUE: At one time you recovered the diversion charges.

Mr. RIDDEL: You mean the carrying charges?

Mr. ARGUE: You recovered 6 cents a bushel?

Mr. RIDDEL: You said diversion charge. You mean the carrying charges.

Mr. ARGUE: It depends on the terminology. The diversion charge is a cent and a half, or 2 cents a bushel, and you recovered something called carrying charges in addition to the regular price, an amount of 6 cents?

The WITNESS: Under the old International Wheat Agreement the question of carrying charges was a matter of bargaining between the seller and the buyer and we were able for a good period of time to recover 6 cents a bushel which represented the equated carrying charge at that time in the judgment of the board over a 12 month period, interest and storage.

The Right Hon. Mr. HOWE: The last Wheat Agreement is wiped out and the carrying charges were included in the price, were they not?

The WITNESS: It was decided to drop the carrying charge?

Mr. ARGUE: You do not have negotiations about carrying charges now?

The WITNESS: No.

The CHAIRMAN: Page 12.

Mr. HARKNESS: At the top of page 12 on these prices you receive at various months during the year, have you the average price received for No. 1 Northern throughout the year?

The CHAIRMAN: I think it was tabled in the House. You mean Class 2?

Mr. HARKNESS: I mean the whole thing, for Class 2 and the International Wheat Agreement and for domestic sales. I presume you must have an average price received for wheat for all sales?

The WITNESS: I can get that for you.

Mr. HARKNESS: I wanted to relate that to your list we have showing the prices in the other supplementary report, showing prices paid to producers.

The WITNESS: We will get that information for you.

Mr. HARKNESS: We can probably take it up better when we come to prices paid to producers.

By Mr. Bryson:

Q. In the period August to January, 1952, in the spread between one and two, was the 6 cents spread between one and two for the period January to the present time?—A. What was the first part you asked for?

Q. In the spread between one and two it is now 6 cents as against what, 2 cents?—A. Yes. The spread at that time was 2 cents between one and two. I might add as I said earlier we have a very substantial quantity of No. 2 Northern and we have a comparatively much smaller quantity of No. 1 Northern. Previously it was possible to get a 2 cent spread, but today we are only able to get a 6 cent spread.

Q. I understand the millers were not buying No. 3 and 4 wheat. Is that correct? In order to make it more attractive the price spread was dropped 6 cents a bushel from one and two?—A. That was not the reason we dropped the price spread. The reason was it was related to the prospect of selling No. 2 overseas, which is our big problem. The fact that it was dropped to 6 cents we were very pleased it resulted in the millers taking larger proportions of No. 2 Northern, but that was incidental to the action we took.

The CHAIRMAN: Going on to 12, oats and barley.

Mr. RIDDEL: Mr. Chairman, I have the information regarding the price of No. 1 Northern. The average sales price for No. 1 Northern is \$1·8620221.

Mr. ARGUE: Is that for the crop year?

Mr. RIDDEL: For the pool period 1952-53.

Mr. HARKNESS: At the end of January this year. For No. 1 Northern?

Mr. RIDDEL: Yes.

Mr. ARGUE: We have the board's operating margin but the figure is very low. Is it as low as it appears? I think I am right in saying the producer received a net of 1.81½?

Mr. RIDDEL: Yes. The carrying charges, administrative expenses, etc., were 4·33068 cents.

Mr. ARGUE: If you took out the factor of the extra levy of 6 cents, called carrying charges, what was the cost to the board per bushel, total cost? It would increase the 4·3 to some different figure?

Mr. RIDDEL: We will have to calculate it for you.

Right Hon. Mr. HOWE: Would it not be 12,211,000? That is what the board recovered in carrying charges, page 11.

The CHAIRMAN: The net recovery yes.

The WITNESS: I think it would bring it up to the 6 cents, but I would rather leave it to Mr. Riddel. That is the way it looks.

By Mr. Harkness:

Q. Have you the same figure readily available for No. 6 or Feed Wheat. That is the average price?—A. Yes, Mr. Chairman. The average sales price of No. 6 Wheat was \$1·5699467. That is \$1·5699467, with the same costs applying 4·33068 cents.

By Mr. Argue:

Q. What were the storage costs per bushel for that year?—A. The carrying charges including terminal storage amounted to \$34,603,364.

Q. It depends on how many bushels?—A. On the total number of bushels, 638 million handled.

Q. I take it from that then that the average period that wheat was held by the board between the time it was delivered by the producer and then sold was about 6 months?—A. That is right. Somewhat less than 6 months.

By Mr. Harkness:

Q. The differential between the price wheat was sold for, No. 1 and No. 6, is practically the same. I presume that applies to all grades?—A. The operating cost. The deduction which was made is the same for all grades.

Q. Exactly the same for all grades?—A. Yes.

Q. That is purely an arbitrary figure applied to all grades?—A. Yes. It would be impossible to keep the charges separate on each grade.

By Mr. Johnson (Kindersley):

Q. We are converting the final price, 1.86, and a fraction of your cost is 4.33 cents. The operating cost to the board last year would work out to 2.3 cents per bushel?—A. Yes, according to carrying charges.

By Mr. Harkness:

Q. Which means the cost of handling No. 6 wheat might have been 5 cents, nevertheless 4 cents was what you assigned to it?—A. Yes. It is an average cost which is deducted.

Q. It really does not tell us anything then.

The CHAIRMAN: Carried.

The CHAIRMAN: We will go on to oats and barley, number 12 at the bottom of page 12.

12. Oats and Barley

CROPS AND SUPPLIES

The area seeded to oats in the Prairie Provinces in 1952 was 7,560,000 acres as compared with 8,312,000 acres in 1951. Oats production in the Prairie Provinces amounted to 346 million bushels as compared with 340 million bushels in 1951.

The area seeded to barley in the Prairie Provinces in 1952 was increased to a record of 8,145,000 acres from 7,530,000 acres in 1951. This was a quarter of a million acres larger than the previous record barley acreage seeded in the three provinces in 1943, and more than 2.5 million acres more than was seeded in 1949. Barley production also reached a record of 281 million bushels in 1952 as compared with the previous record of 234 million bushels in 1951.

Supplies of oats and barley in commercial positions on July 31, 1952 amounted to 50.2 million bushels and 57.8 million bushels respectively as compared with 35.0 million bushels of each grain on the corresponding date in the previous year.

LEGISLATION

Under Order in Council P.C. 3381, June 23, 1952 (Canadian Wheat Board Regulations) Parts III and IV of The Canadian Wheat Board Act were extended to oats and barley for the crop year ending July 31, 1953.

By the same Order in Council the initial price of oats was established at 65c per bushel basis No. 2 Canada Western Oats in store Fort William/Port Arthur, and the initial price of barley was established at 96c per bushel basis No. 3 C.W. Six-Row Barley in store Fort William/Port Arthur.

Order in Council P.C. 1953-215, February 19, 1953 authorized the Board to increase the initial price of barley from 96c per bushel to \$1.11 per bushel

basis No. 3 C.W. Six-Row Barley in store Fort William/Port Arthur, effective March 2, 1953. By the same Order in Council, and by Order in Council P.C. 1953-329, March 5, 1953 the Board was authorized to make an adjustment payment of 15c per bushel on all barley delivered to the Board on and after August 1, 1952 and before March 2, 1953.

The initial price of oats was not increased during 1952-53.

Order in Council P.C. 1953-1702, November 4, 1953 authorized the transfer of unsold stocks of oats in the 1952-53 Pool as at October 9, 1953 to the 1953-54 Pool. The distribution of the final surplus in the 1952-53 Oats Pool to the producers was approved by Order in Council P.C. 1953-1703, November 4, 1953.

The transfer of unsold stocks of barley in the 1952-53 Pool as at October 30, 1953 to the 1953-54 Pool was authorized by Order in Council P.C. 1953-1800, November 19, 1953. The distribution of the final surplus in the 1952-53 Barley Pool to the producers was approved by Order in Council P.C. 1953-1801, November 19, 1953.

By Mr. Castleden:

Q. Did you have any carry over from the year before on oats and barley?

—A. Yes.

Mr. RIDDLE: 17,396,000 bushels of oats transferred to 1952-53, and 11,372,000 bushels of barley.

Q. What about the carry over at the end of the year?—A. 12,787,000 bushels of oats were transferred to the 1953-54 pool, and 17,585,000 bushels of barley.

Q. That would mean that you sold 5 million bushels of oats more than you received in that year, and about 6 million less bushels than you received of barley?—A. Yes.

Q. You disposed of the old stock first?—A. Yes.

The CHAIRMAN: We did not deal with legislation. It is just a matter of record. It is past history. No. 13.

13. 1952-1953 Oats Pool

BOARD RECEIPTS

The following table shows Board receipts of oats, by months, from August 1, 1952 to July 31, 1953:

	<i>Bushels</i>
September, 1952	11,132,866·4
October	11,979,787·3
November	8,003,316·3
December	9,736,895·5
January, 1953	9,505,591·5
February	5,473,078·7
March	5,529,849·1
April	5,195,426·9
May	8,040,784·2
June	9,387,090·3
July	34,983,761·3
Total	118,968,447·5

Board receipts of oats in 1952-53 amounted to 119·0 million bushels as compared with 133·1 million bushels in 1951-52. Oats deliveries by producers

were steady September through June as delivery opportunity was provided through increased quotas and available elevator space. Deliveries were extremely heavy in July, 1953.

SALES—1952-53 OATS POOL

The 1952-53 Oats Pool was closed on October 9, 1953. The following table outlines the position of the Pool on the closing date:

	<i>Bushels</i>
Board Receipts	118,968,447·5
Transferred from the 1951-52 Pool	17,396,603·9
Total Receipts	136,365,051·4
Completed Sales, August 1, 1952 to October 9, 1953	123,577,607·3*
Uncompleted Sales as at October 9, 1953	12,787,444·1†

*Includes weight losses in drying and reconditioning amounting to 830·2 bushels.

†Covered by sales of futures contracts.

TRANSFER TO THE 1953-54 POOL

Stocks of oats, and related sales of futures contracts, were transferred to the 1953-54 Pool as at October 9, 1953. The principal grades of oats transferred were:

	<i>Bushels</i>
No. 2 Canada Western	217,843·2
No. 3 Canada Western	261,247·8
Extra No. 1 Feed	3,144,122·7
No. 1 Feed	5,440,551·9
No. 2 Feed	2,330,819·4
No. 3 Feed	358,961·4
Other Grades	1,033,897·7
Total	12,787,444·1

The foregoing transfer was made under provisions of Section 29 of The Canadian Wheat Board Act, and was authorized by Order in Council P.C. 1953-1702, November 4, 1953.

Price Basis of Transfer

All cash oats remaining unsold from the 1952-53 Pool on October 9, 1953 were previously covered by futures contracts. The actual transfer therefore involved pricing the various grades of oats in relation to the closing price of the October and December futures on October 9th, which were 72 $\frac{3}{4}$ c per bushel and 69c per bushel respectively. An allowance of 1 $\frac{1}{2}$ c per bushel for carrying charges subsequent to the transfer date was made on all grades of oats transferred.

1952-53 Pool Account—Oats

The following table shows the operating results of the 1952-53 Oats Pool from August 1, 1952 to the closing date of the Pool on October 9, 1953:

	Bushels	
1. Oats acquired by the Board:		
(a) Producers' deliveries August 1, 1952 to July 31, 1953	118,967,962.5	
(b) Oats otherwise acquired	485.0	
(c) Purchased from 1951-52 Pool Account—Oats	17,396,603.9	
Total oats acquired	136,365,051.4	
	Value	Value
2. Cost of oats acquired		\$84,526,611.25
3. Proceeds of sales—August 1, 1952 to October 9, 1953	\$91,063,352.40	
Transferred to 1953-54 Pool as at October 9, 1953	8,455,618.50	99,518,970.90
4. Gross surplus as at October 9, 1953		14,992,359.65
5. Operating costs—August 1, 1952 to October 9, 1953:		
(a) Carrying charges including terminal storage	3,433,000.58	
(b) Interest and bank charges	(21,088.13)	
(c) Freight recovery on export oats	(50,968.70)	
(d) Grade adjustments, drying and reconditioning charges, etc.	163,000.36	
(e) Brokerage and Clearing Association charges	28,718.74	
(f) Administrative and general expenses ...	310,273.59	3,862,936.44
6. Surplus in the 1952-53 Oats Pool Account as at October 9, 1953		\$11,129,423.21

¹Purchases from non-producers at the Board's initial prices basis in store Fort William/Port Arthur.

²For details of transfer see Pages 13 and 14 of this Report.

SURPLUS FOR DISTRIBUTION TO PRODUCERS

The surplus in the 1952-53 Oats Pool for distribution to producers was:

Surplus as at October 9, 1953		\$ 11,129,423.21
Deduct: Prairie Farm Assistance Act levy	\$ 110,606.03	
Cost of issuing Final Payment	74,171.79	
		184,777.82
		10,944,645.39
Add: Additional interest earned after October 9, 1953		5,351.19
Surplus for distribution to producers		\$ 10,949,996.58

The distribution of surplus funds in the 1952-53 Oats Pool was approved by Order in Council P.C. 1953-1703, November 4, 1953. On the 118,967,962.5 bushels of oats delivered by producers during the crop year the average final payment was 9.204c per bushel.

The following table shows initial payments, final payments, and prices (basis in store Fort William/Port Arthur) realized by producers for the principal grades of oats delivered to the Board in 1952-53 after deducting Board operating costs, including carrying charges in country and terminal elevators, drying and reconditioning costs and Board administrative expenses:

.....	Initial* Payment	Final* Payment	Realized* Price
	(cents per bushel)		
No. 2 Canada Western	65	09·119	74·119
Extra 3 Canada Western	62	09·976	71·976
No. 3 Canada Western	62	09·220	71·220
Extra No. 1 Feed	62	09·220	71·220
No. 1 Feed	60	08·478	68·478
No. 2 Feed	53	13·408	66·408
No. 3 Feed	48	16·021	64·021
Tough No. 3 Canada Western	58	12·220	70·220
Tough Extra No. 1 Feed	58	12·220	70·220
Tough No. 1 Feed	56	11·478	67·478
Tough No. 2 Feed	49	16·408	65·408

*Prices and payments prior to deduction of Prairie Farm Assistance Act levy.

GENERAL COMMENT ON THE MARKETING OF OATS—1952-53

1. Sales

Throughout the crop year there was some uncertainty about the quantity of oats which would be delivered to the Board by producers. This uncertainty existed not because of doubt as to the size of the 1952 oats crop and deliverable quantities, but rather because of the extent to which producers might prefer to market wheat and barley under the circumstances which existed. Actually the quantity of oats delivered to the Board was considerably smaller than anticipated early in the crop year and there was a substantial increase in the farm carryover of oats on July 31, 1953 as compared with the previous year.

The following table shows producers' deliveries to the Board, net sales, by months, and stocks of oats held by the Board at the end of each month:

	Deliveries to the Board	Net Sales ₁ of 1952 Crop by the Board	Balance of 1952 Crop held by the Board at end of month
		(bushels)	
August, 1952	—	10,121,447.9	(10,121,447.9)
September	28,529,470.3 ₂	32,767,399.2 ₂	(14,359,376.8)
October	11,979,787.3	13,771,380.3	(16,150,969.8)
November	8,003,316.3	6,895,968.0	(15,043,621.5)
December	9,736,895.5	4,227,648.9	(9,534,374.9)
January, 1953	9,505,591.5	853,263.3	(882,046.7)
February	5,473,078.7	5,144,475.3	(553,443.3)
March	5,529,849.1	6,563,973.2	(1,587,567.4)
April	5,195,426.9	2,981,808.4	626,051.1
May	8,040,784.2	6,648,670.0	2,018,165.3
June	9,387,090.3	9,038,492.8	2,366,762.8
July	34,983,761.3	13,355,770.9	23,994,753.2
August	—	12,881,650.3	11,113,102.9
September	—	9,105,464.7	2,007,638.2
October	—	2,007,638.2	—
	136,365,051.4	136,365,051.4	—

₁Includes weight losses in drying and reconditioning amounting to 830.2 bushels.

₂Includes purchases of 17,396,603.9 bushels from the 1951-52 Pool Account—Oats and relevant sales of futures.

The Board sold oats freely throughout the crop year. Both export and domestic demand were active in the autumn months when the highest prices of the crop year were recorded. There was a lull in demand for oats following the close of navigation, but sales increased in February and March in anticipation of the opening of navigation. Prices worked to lower levels during the winter months. A fairly broad export demand for oats developed in the final two months of the crop year and in the early part of 1953-54.

Producers' deliveries of oats were extremely heavy in July, 1953 and it took some time to move these stocks forward to terminal positions. Selling operations relating to the 1952-53 Oats Pool were carried on until October 9, 1953 when the Pool was closed.

Board sales of oats included 110.5 million bushels sold in the futures market and 25.9 million bushels sold on a flat basis.

Exports of oats in 1952-53 amounted to 65.4 million bushels as compared with 70.6 million bushels in the previous crop year. The following table shows exports of oats in 1951-52 and 1952-53 by countries of destination:

	1951-52	1952-53*
	(million bushels)	
United States	58.6	59.5
Belgium	8.3	4.3
United Kingdom	—	.6
Switzerland .....	.8	.4
Netherlands	1.8	—
Others .....	.1	.1
	<hr/>	<hr/>
Rolled Oats and Oatmeal	69.6	64.9
	<hr/>	<hr/>
TOTAL	70.6	65.4
	<hr/>	<hr/>

*Source: Board of Grain Commissioners for Canada. Figures subject to revision.

The United States was again the principal export market for Canadian oats, taking 59.5 million bushels as compared with 58.6 million bushels in 1951-52. Belgium was the second largest market with imports of 4.3 million bushels. Minor exports were made to the United Kingdom, Switzerland and other countries.

The Board's monthly average quoted prices for No. 3 C.W. Oats and No. 1 Feed Oats were as follows:

	No. 3 C.W. Oats	No. 1 Feed Oats
	(cents per bushel)	
August, 1952	82 $\frac{1}{4}$	79 $\frac{5}{8}$
September	81 $\frac{3}{4}$	78 $\frac{5}{8}$
October	85 $\frac{1}{8}$	80 $\frac{5}{8}$
November	90 $\frac{5}{8}$	85 $\frac{1}{4}$
December	82 $\frac{1}{4}$	78 $\frac{3}{8}$
January, 1953	78 $\frac{3}{8}$	74 $\frac{3}{8}$
February	76 $\frac{1}{4}$	73 $\frac{3}{8}$
March	75 $\frac{1}{2}$	73
April	73 $\frac{1}{8}$	71 $\frac{1}{8}$
May	69 $\frac{1}{8}$	67 $\frac{1}{2}$
June	67 $\frac{1}{2}$	65 $\frac{3}{4}$
July	70	67 $\frac{3}{8}$
August	74 $\frac{1}{8}$	71 $\frac{1}{4}$
September	69 $\frac{3}{4}$	67 $\frac{1}{4}$
October 1 to 9	70 $\frac{1}{4}$	67 $\frac{3}{8}$

Oats prices were firm during the August-November period reaching the highest point of the year in the latter month. A sharp decline occurred in December followed by a steady decline January through June. Prices were stronger in July and August, 1953 but declined moderately in September and the early part of October, 1953.

2. Board Operating Costs—1952-53 Oats Pool

Net Board operating costs applicable to the 1952-53 Oats Pool amounted to \$3,862,936.44. The chief item in these costs was carrying charges in country and terminal elevators amounting to \$3,433,000.58. Grade adjustments, drying and reconditioning charges, etc., resulted in costs of \$163,000.36, while brokerage and Clearing Association charges were \$28,718.74. Administrative and general expenses amounted to \$310,273.59 or .2608 cent per bushel on producers' deliveries of 118,967,962.5 bushels. Interest and bank charges resulted in a net surplus of \$21,088.13, while freight recoveries on export oats amounted to \$50,968.70.

The WITNESS: This is the 1952-53 Oats Pool. The first table shows the board receipts of approximately 119 million bushels compared with 133 million bushels in the previous year. The next table shows the sales. Board receipts at 118 million bushels. Transferred from the 1951-52 pool 17 million bushels. Total receipts 136 million bushels. Completed sales, August 1, 1952, to October 9, 1953, 123 million bushels. Uncompleted sales as of October 9, 1953, 12 million bushels. Transfers to the 1953-54 pool, 12 million bushels, and it gives a breakdown by grades. The foregoing transfer was made under provisions of section 29 of the Canadian Wheat Board Act. All cash oats remaining unsold from the 1952-53 pool on October 9, 1953, were previously covered by futures contracts. The actual transfer therefore involved pricing the various grades of oats in relation to the closing price of the October and December futures on October 9, which was 72 $\frac{3}{4}$ cents per bushel and 69 cents per bushel respectively. An allowance of 1 $\frac{1}{2}$ cents per bushel for carrying charges subsequent to the transfer date was made on all grades of oats transferred.

Mr. ARGUE: On your sales policy in regard to oats and barley you will follow a somewhat different policy than you do with wheat. Wheat you do not sell on the grain exchange, and the people who sit around me on my left are quite pleased that you do not use futures market.

Mr. HARKNESS: It depends on how far to your left you go.

Mr. ARGUE: Not too far. Am I correct that part of the sales of oats and barley do not go through the Grain Exchange, and will Mr. McIvor comment on why the Grain Exchange is used at all because the vast majority of producers in western Canada would be vastly happy if the Grain Exchange were not used at all and where closed up.

The WITNESS: First of all, I want to say that the decision to use the futures markets was a decision taken by the board in the form of a recommendation to the government. The difference between wheat and oats and barley is that there is no futures market in wheat. There has been no futures market in wheat since September, 1943.

By Mr. Argue:

Q. In Canada?—A. In Canada, yes. When we were asked to take over the handling of oats and barley there was a futures market operating in both oats and barley, and certainly one thing that concerned me was how a board could sit down and be a referee between a buyer in the east and a seller in the west. We decided to carry on and use the futures market. We do not sell all our grain on the futures market. I think there is a breakdown here some place

that shows the quantities sold through the futures market and outside the futures market. I agree there is a considerable amount of controversy about the board's use of the futures market, perhaps not quite as much controversy as related to the quotas of last summer, but still a good deal of controversy. We found by experience that it has worked reasonably well. As a board we have not any special love for the futures market except as a marketing instrument and we have used the market. There are other advantages in connection with the sale of our oats and barley to the United States. The American buyers in many instances buy the futures and transfer the futures into cash grain that goes to the United States. And under all the conditions that applied I think it can be said that the operating record of the board in respect to oats and barley at least we are told—has been satisfactory up to the present time.

Q. In what way is the sale of oats and barley between the eastern buyer and the western seller any different than the transaction in respect to feed wheat? Is feed wheat not comparable to oats and barley?—A. In the sale of feed wheat there is a very definite relationship in price to other feed commodities. We have been operating since 1943 in the sale of low grade wheat, but I must say in respect to low grade wheat the bulk of our low grade wheat has been sold either abroad or in the United States. That is the chief price making factor, not the demand from eastern Canada.

Q. The bulk of oats and barley on the other hand is sold to eastern feeders?—A. No, I would not say that is the situation today. It certainly was the situation when we took over the handling of oats and barley. On this point I would like to draw your attention to the tremendous increase in both oats and barley which has required a larger marketing operation in both grains.

Q. Roughly what percentage of oats and barley is sold through the medium of the Grain Exchange?

Mr. RIDDEL: On page 16, the left hand side, last paragraph, gives you the figures for oats. Board sales of oats included 110·5 million bushels sold in the futures market, and 25·9 million bushels sold on a flat basis. That is with the exchange of futures.

By Mr. Argue:

Q. Is that not a growing percentage on the futures market?—A. No. The flat sales have been changing from year to year.

Q. Proportionately?—A. Proportionate in total amount. I will check back to find out whether it has been proportionately.

Q. I would think that the eastern feeder would be in a far better position if we had a little stability in buying prices the same way as the western producer hopes to have some stability in his selling prices, and as long as you are using the futures market you are not going to get the degree of stability, certainly not to the eastern buyer and I doubt if you would to the western producer, without the futures market. I think that hardly matters.

Right Hon. Mr. HOWE: How can he get stability, when if we get off the Chicago price, we do not sell the oats to the states?

Mr. ARGUE: I was talking about eastern feed.

Right Hon. Mr. HOWE: You could not have a two-price system in oats very well, could you?

Mr. ARGUE: I would think so. We have had two-price systems in many other things.

Right Hon. Mr. HOWE: You get only one price in wheat.

Mr. ARGUE: It is not as good as a two-price system.

By Mr. Harkness:

Q. This facilitates your operations and also removes a good deal of risk that might otherwise be there. That is the situation, is it not?—A. I think that it is a fair statement to say that we have found that use of the futures market in regard to sale of oats and barley has been a useful operation, as far as we are concerned.

Q. As a matter of fact, as far as this transfer to oats is concerned, as a result of being able to use the futures market, you are able to make a definite cut-off and turn over this 11 million bushels, or whatever it was, in the 1953-54 oats tables without any possibility of loss on that as far as the 1953-54 oats pool is concerned, whereas without the futures market you could not do that. You would probably take a loss on the 1953-54 pool?—A. I would not go that far. We would have to transfer our oats from one pool to another and make the necessary allowances for a possibility of decline, as with wheat.

Q. And in actual fact the price has declined?—A. Yes.

Q. So you would have had a loss if it had not been for the futures market?—A. It would depend on how long it took us to sell a transfer. I would have to look back over the figures.

Q. In any event, the use of the futures market removed that risk?—A. It removed the risk at the take-over, of the possibility that the new pool might lose or gain.

Mr. HARKNESS: You have that little risk.

By Mr. Argue:

Q. Is not the main reason that you were able to wind up the oats and barley pool a little more readily than the wheat pool the fact that for feed grains of all kinds, oats, barley, and feed wheat, there has been a better relative demand than for No. 2 Northern wheat?—A. That is true.

Q. Is it not due to the fact that there is a grain exchange in Winnipeg that oats and barley has gone this quickly? It is the fact that the demand is there?—A. We have been very pleased with the amount of oats and barley that we have been able to sell in the United States. In fact, we were so successful in selling oats in the United States that the quantity was limited to 23 million bushels for the balance of the year, but, as you know, our shipments there will still be of record size.

By Mr. Castleden:

Q. Would you care to comment on the reason why you suddenly took, in the delivery of oats in July last year, more oats in one month than you did in the five previous months?—A. Yes. I would say that the delivery of oats in the country is the most uncertain delivery that we have had anything to do with. The producer seems to hold oats for some reason or other—I presume as an insurance against risk in regard to his feed. We have been embarrassed, not only last July but on several occasions, by the huge quantity of oats delivered in July, which had some effect on the average prices we received up to that time.

Q. Could you give me the comparative figures for 1951-52?

Mr. RIDDLE: Yes. In July, 1952, the board took delivery of 26½ million bushels of oats. In 1953, it took delivery of almost 35 million bushels.

By Mr. Castleden:

Q. But how about June, May, April, March and February?—A. In February 1952, the amount was 6 million; March, 7 million; April, 8 million; May, 18 million; June, 14 million; and July, 26½ million.

Q. In the previous year you took in more in May and June than in July, and this year that is down.—A. I think that I can say that trying to assess the amount of oats that will be delivered in a crop year is the biggest gamble that we have, I should say, in a statistical way.

Q. There are many other factors that enter into it.—A. That is right.

Mr. BRYSON: I notice that the wheat sales for July are tremendous compared with the other months. Is that before the quota was taken off?

Mr. JOHNSON (*Kindersley*): We covered that point.

The CHAIRMAN: Will you speak up a little?

The WITNESS: We had quite a discussion about that this morning.

The CHAIRMAN: Are we going on to barley?

Mr. ARGUE: I do not think that we should just go over these tables so fast.

The CHAIRMAN: Pages 14 and 15 deal with oats. It is hard to draw the line between the tabulation of the accounts and the comments on it. We will deal with oats, and then we will deal with barley.

By Mr. Harkness:

Q. Were the handling cost of oats approximately the same as the handling charges on wheat, so that there would be the same differential, about 4 cents odd a bushel, between the price realized and the price paid to the producer?—A. The total handling costs or per bushel costs?

Q. Per bushel costs, the same as we had a few minutes ago in regard to wheat. On page 15 you give the realized price of No. 2 Canada Western as 74.119 cents, and so on down the various grades. What was the average price received?

Mr. RIDDEL: On No. 2 C.W. oats, the average sales price realized was 78.038 cents, and the administrative costs and carrying charges were 3.91239 cents.

Mr. HARKNESS: A little less than for wheat?

Mr. RIDDEL: Yes, and maybe if we had not made the recovery of \$12 million the per bushel rate would have been 6.621 cents, in the place of 4.43 cents.

Mr. CASTLEDEN: I notice that on what you realized on oats, the difference between No. 2 Canada Western, 74.119 cents, and the Tough No. 2 Feed at the bottom of the list, 65 cents, is very small. Is that on account of the prices you can get or is it that the demand for the Tough Feeds is good?

Mr. RIDDEL: The demand for the feed grades of oats last year was good.

Mr. CASTLEDEN: There is practically no spread at all.

Mr. ARGUE: What is the item (c) on page 14, "Freight recovery on export oats", \$50,000?

Mr. EARL: Freight recovery on shipments of oats to Vancouver for export. Oats are purchased and placed in store to await shipment. When they are shipped out the difference in freight is collected from the shipment companies. That is what that amount represents.

The CHAIRMAN: Will we go to barley?

Mr. ARGUE: Could we get some comment from Mr. McIvor on page 16 and what is in it?

The WITNESS: The interesting point in page 16, Mr. Chairman, which deals with oats, is the deliveries and sales. This shows that the board sold oats freely throughout the crop year. Both export and domestic demand were active in the autumn months when the highest prices of the crop year were

recorded. There was a lull in demand for oats following the close of navigation, but sales increased in February and March in anticipation of the opening of navigation. Producers' deliveries of oats were extremely heavy in July, and it took some time to move these stocks forward to terminal positions. Then there is a breakdown showing the export of oats, and you will note that we exported 59.5 million bushels to the United States as compared with 58.6 million the previous year. Belgium took 4.3 million as compared with 8.3 million. The balance is small quantities sent overseas.

By Mr. Castleden:

Q. The whole thing depends on the United States market? It is practically the only market?—A. Of any size, yes.

Q. Does there seem to be any likelihood of increasing our sales of oats to the United Kingdom, Japan or the Philippines?—A. I do not think it is very favourable, because they are able to buy elsewhere at less shipping costs. Oats is a light grain and takes relatively higher costs for shipping. Our market for oats is in the United States, that is, the important one.

Mr. HARKNESS: We are limited to what extent to that market?

The WITNESS: Limited to 23 million bushels from the 10th of December of last year to midnight of September 30. In spite of that limitation, we will have a very big shipping year to the United States on oats.

Mr. BLACKMORE: What seemed to be the reason why they limited us?

The WITNESS: At Mr. Howe's suggestion, I appeared before the United States Tariff Commission in Washington and tried to persuade them not to put on any limitation. I am sorry to say that I was not successful.

Mr. CASTLEDEN: I think that we all were.

The WITNESS: The claim of those who advocated it— and I must say that they came largely from the northwest of the United States; there were two senators that were very active in promoting the idea—that these oats coming into the United States were having an effect on the support price being paid by the American government on oats. Needless to say, I do not agree with that claim, but that is the claim that was made. We had the rather extraordinary position before the tariff commission of having a strong case put forward by this group that I have mentioned, or on behalf of them I should say, and on the other hand the large consumers of the eastern area of the United States were there on behalf of the importation of oats into the United States for their use. We had the two conflicting interests there.

Mr. HARKNESS: What did you mean by the statement you made that in spite of this limitation to 23 million bushels we will make very large shipments to the United States this year?

The WITNESS: Our shipments until the 10th December, 1953 were very heavy. When you put the 23 million on top of what we shipped up to that period, the shipments will be substantial.

By Mr. Argue:

Q. Have you a comparable figure for the quantity of Canadian oats shipped in the same period one year before?—A. I think that we can get that for you. I have not it handy.

Q. Is it more than this?—A. I am just speaking from memory, but my impression would be that the over-all figure from August 1, 1953 to August 1, 1954 will exceed the figure for the previous year. Is that correct, Mr. Davidson?

Mr. DAVIDSON: I think that is right.

Right Hon. Mr. HOWE: It is quite substantial.

Mr. ARGUE: If I could have it for the period of control, now, as compared with the same period a year before?

The WITNESS: We can get you that information.

Mr. DINSDALE: What percentage of Canada's crop is sold on the export market and on the domestic market?

The WITNESS: I think the position is that if you take your total exports of oats in 1952-53 the figure is 65.4 million bushels, at the bottom of page 16, and if you look at the net sales incorporated in the table above it shows sales of 136 million bushels. I would imagine, Mr. Davidson, that the net would be the amount sold in Canada and the amount exported in Canada?

Mr. DAVIDSON: Roughly.

The CHAIRMAN: Does that complete this section?

Mr. ARGUE: The period for which we are limited in the sale of oats to the United States is about a nine-month period?

The WITNESS: It is from December 10.

Mr. RIDDEL: Almost 10 months.

Mr. ARGUE: We are limited to the sale of 21 million bushels?

Mr. RIDDEL: 23 million bushels.

Mr. ARGUE: But in the last two years, in a 12-month period we have sold to the United States 59 million bushels in each of the two years, so that unless the other two months are very extraordinary it is a terrific reduction in the sale of Canadian oats to the United States on the basis of sales?

The WITNESS: That is true, Mr. Argue, but I would like to suggest here that, had the recommendation of the tariff commission been adopted, our position would be a great deal worse than in the case of a negotiated position which was arrived at by Mr. Howe.

Mr. ARGUE: I do not want to detract from anything that Mr. Howe did. I am glad that we have 23 million bushels as an American market instead of none, but it does seem, looked at in the best possible light, that it is much less than previously.

Right Hon. Mr. HOWE: If you take it for the American crop year, it is not. We sold oats in the United States last fall and it was that reason that caused the tariff board to prick up their ears. I do not remember the figures, but they were away beyond anything we had done previously. It was the same as the way rye was sold this year. They were supposed to sell 3 million bushels, but I think that they had sold twelve before the tariff board brought down a ruling.

The WITNESS: We argued that Canadian oats were of a better quality than American oats, and we had some support from the consumers in the eastern area of the United States. I can assure you that that will still be our position. But the real difficulty in regard to oats and barley is the terrific crops of oats and barley produced by the western producer in the last several years. The figures have gone away up.

Right Hon. Mr. HOWE: What we accomplished with the oats deal was that we arranged a cut-off date. The tariff board's recommendation was a quota for all-time. We arranged that the quota provision would end at a certain time and after that we will be out in the wide open spaces again.

Mr. ARGUE: Do I take it that you got a commitment that at that time it would need a special hearing, or does that make a new arrangement?

Right Hon. Mr. HOWE: Someone can make a new application and get a new finding of the tariff board, but the ruling of the tariff board does not apply after that date.

Mr. ARGUE: After that it is wide open to a new set of restrictions, or no restrictions?

Right Hon. Mr. HOWE: If somebody applies to the tariff board against us, the tariff board can apply new restrictions, but there is nothing binding in the present arrangement beyond the termination date of the present arrangement. Incidentally, the president put that condition into his rye ruling. The tariff board set up an all-time quota, but he said that he disagreed with the tariff commission on that and that the ruling would apply only for a definite period, after which a new application would be necessary.

Mr. ARGUE: A new application by some body in the United States?

Right Hon. Mr. HOWE: To the tariff board, yes.

Mr. BLACKMORE: Do you happen to be able to tell us whether or not the United States capacity to produce oats is increasing as rapidly as ours apparently is? It would seem that the production of oats in the United States is mainly in the northwest. I was wondering whether that capacity to produce is increasing.

Right Hon. Mr. HOWE: It will increase this year with the cutback in the wheat acreage.

Mr. HARKNESS: It ties in with the production of corn and other grains.

The WITNESS: Personally, I think that over the long term our position will be favourable in the United States as far as sales of feed grains are concerned. I believe that most of the agitation in regard to this has been coming from the producers' organizations of the northwest.

By Mr. Argue:

Q. How long is this long term? The immediate picture for the next two or three years, which may be called a short term, looks as if anything can happen, but it does not look as if there will be a shortage.—A. I am projecting my views a little beyond that. My thoughts are that there are 165 million people in the United States, and their population is increasing, and I do not want to appear too optimistic, but I think that eventually the United States will look on Canada, in so far as production of feed grains is concerned, as a very valuable area of production. If you tried to pin me down to a particular year, I could not answer.

Q. I would not be likely to be successful, so I will not try that. Is it not correct that if you looked back over the last 20 years, say, the ability of producers to increase their production has exceeded even the increases in population. The increase in population has been going up at the rate of about 1½ per cent a year. So far the agricultural producers, I think, have been able to increase their production of food through good research by the Department of Agriculture and better farm equipment at a rate greater than 1½ per cent.—A. They also had a magnificent assist from nature.

Q. I think no one can take nature and even it out and set it aside. It is a factor that you cannot assess at any time, but it is my opinion, from everything that I have read, that you cannot take nature as a constant factor, but if you could, technical knowledge has resulted in a substantial increase in production.

The CHAIRMAN: No. 14, "1952-53 Barley Pool".

14. 1952-53 Barley Pool Board Receipts

The following table shows Board receipts of barley, by months, from August 1, 1952 to July 31, 1953:

	Bushels
September, 1952	18,728,639.6
October	21,889,017.6
November	17,038,269.7
December	15,834,731.1
January, 1953	14,239,183.6
February	8,820,779.6
March	6,535,020.1
April	6,754,389.7
May	9,967,824.3
June	10,634,175.6
July	34,453,379.8
Total	164,895,410.7

Board receipts of barley amounted to 164.9 million bushels as compared with 130.6 million bushels in 1951-52. Producers' marketings of barley were steady throughout the first half of the crop year when slightly over one-half of total deliveries were received at country elevators. Receipts were moderate February through June, but increased sharply in the final month of the crop year. In contrast to the previous crop year deliveries of out-of-condition barley were relatively small.

Sales—1952-53 Barley Pool

The 1952-53 Barley Pool was closed on October 30, 1953. As at that date the position of the Pool was as follows:

	Bushels
Board Receipts	164,895,410.7
Transferred from the 1951-52 Pool	11,372,063.2
Total Receipts	176,267,473.9
Complete Sales to October 30, 1953	158,681,621.5 ¹
Uncompleted Sales and Unsold Stocks as at October 30, 1953	17,585,852.4

¹Includes 12,099.4 bushels of weight losses in drying and reconditioning.

Transfer to the 1953-54 Pool

A total of 17,585,852.4 bushels was transferred to the 1953-54 Barley Pool as at October 30, 1953. The principal grades of barley transferred were as follows:

	Bushels
No. 3. C.W. Six-Row	340,660.6
No. 1 Feed	11,121,469.1
No. 2 Feed	3,279,552.0
No. 3 Feed	885,296.0
All other grades	1,958,874.7
Total	17,585,852.4

These stocks were transferred under provisions of Section 29 of the Act, and the transfer was authorized by Order in Council P.C. 1953-1800, November 19, 1953.

Price Basis of Transfer

For the purpose of the transfer, futures contracts in the amount of 8,264,000 bushels were transferred on the basis of the closing prices of the December and May futures in October 30, 1953; which were 99 $\frac{3}{8}$ cents per bushel and 101 $\frac{1}{8}$ cents per bushel respectively, and stocks of cash barley were valued at the Board's selling price for each grade of barley at the close of business on October 30, 1953, less a deduction of 2 cents per bushel to cover carrying charges subsequent to the date of transfer.

1952-53 Pool Account—Barley

The following table shows the operating results of the 1952-53 Barley Pool from August 1, 1952 to the closing date of the Pool on October 30, 1953:

1. Barley acquired by the Board:

(a) Producers' deliveries, August 1, 1952 to July 31, 1953	164,886,884.1
(b) Barley otherwise acquired ... ¹	8,526.6
(c) Purchased from 1951-52 Pool Account—Barley	11,372,063.2
Total barley acquired	176,267,473.9

(Value)

(Value)

2. Cost of barley acquired \$184,148,659.40

3. Proceeds of Sales—August 1, 1952 to

October 30, 1953 \$194,745,209.69

Transferred to 1953-54 Pool as at

October 30, 1953² 16,469,493.52 211,214,703.21

4. Gross surplus as at October 30, 1953 ... 27,066,043.81

5. Operating Costs—August 1, 1952 to

October 30, 1953:

(a) Carrying charges including terminal storage	5,931,389.89	
(b) Interest and bank charges ...	(36,154.64)	
(c) Freight recovery on export barley	(334,628.05)	
(d) Handling, stop-off and diversion charges	155,742.04	
(e) Grade adjustments, drying and reconditioning charges, etc.	(851,384.12)	
(f) Brokerage and Clearing Association charges	31,288.98	
(g) Administrative and general expenses	461,400.21	5,357,654.31

6. Surplus in the 1952-53 Barley Pool

Account as at October 30, 1953.... \$ 21,708,389.50

¹Purchases from non-producers at the Boards initial prices basis in store Fort William/Port Arthur.

²For details of transfer see above.

SURPLUS FOR DISTRIBUTION TO PRODUCERS

The surplus in the 1952-53 Barley Pool for distribution to producers was as follows:

Surplus as at October 30, 1953		\$21,708,389.50
Deduct: Prairie Farm Assistance Act levy ..	\$216,244.48	
Cost of issuing Final Payment	94,111.14	310,355.62
		<hr/>
		21,398,033.88
Add: Additional interest earned after October 30, 1953		10,169.79
		<hr/>
Surplus for distribution to producers		\$21,408,203.67

The distribution of surplus funds in the 1952-53 Barley Pool was authorized by Order in Council P.C. 1953-1801, November 19, 1953. On producers' deliveries of 164,866,884.1 bushels, the final surplus for distribution averaged 12.9835¢ per bushel.

The following table shows initial, adjustment and final payments, and prices (basis in store Fort William/Port Arthur) realized by producers for the principal grades of barley delivered to the Board in 1952-53 after deducting all Board operating costs, including carrying charges in country and terminal elevators and Board administrative expenses:

	Initial* Payment	Adjustment* Payment	Final* Payment	Realized* Price
	(dollars per bushel)			
No. 2 C.W. Six-Rok .....	.98	.15	.14242	1.27242
No. 3 C.W. Six-Row .....	.96	.15	.13492	1.24492
No. 4 C.W. Six-Row .....	.90	.15	.11742	1.16742
No. 2 C.W. Two-Row .....	.91	.15	.19367	1.25367
No. 3 C.W. Two-Row .....	.88	.15	.20367	1.23367
No. 1 Feed .....	.87	.15	.10867	1.12867
No. 2 Feed .....	.80	.15	.16367	1.11367
No. 3 Feed .....	.75	.15	.16492	1.06492
Tough No. 3 C.W. Six-Row .....	.92	.15	.14492	1.21492
Tough No. 3 C.W. Two-Row ....	.84	.15	.21367	1.20367
Tough No. 1 Feed .....	.83	.15	.11867	1.09867
Tough No. 2 Feed .....	.76	.15	.17367	1.08367
Tough No. 3 Feed .....	.71	.15	.17492	1.03492

*Prices and payments prior to deduction for Prairie Farm Assistance Act levy.

GENERAL COMMENT ON THE MARKETING OF BARLEY—1952-53

1. Sales

The total volume of barley received in the 1952-53 Pool was 176.3 million bushels. This was the largest commercial supply of barley ever available in Canada in a single crop year. Under the circumstances the Board followed an aggressive sales policy throughout 1952-53 and until the Pool was closed on

October 30, 1953. The following tables shows Board receipts of barley and net sales, by months, and stocks of barley held by the Board at the end of each month:

	Deliveries to the Board	Net Sales ¹ of 1952 Crop by the Board	Balance of 1952 Crop held by the Board at end of month
		(bushels)	
August, 1952	—	4,617,519·7	(4,617,519·7)
September	18,728,639·6	16,437,239·3	(2,326,119·4)
October	33,261,080·8 ²	34,021,013·5 ²	(3,086,052·1)
November	17,038,269·7	9,672,043·3	4,280,174·3
December	15,834,731·1	5,353,817·4	14,761,088·0
January, 1953	14,239,183·6	6,234,410·5	22,765,861·1
February	8,820,779·6	3,765,886·7	27,820,754·0
March	6,535,020·1	8,497,507·2	25,858,266·9
April	6,754,389·7	10,488,571·7	22,124,084·9
May	9,967,824·3	10,037,284·7	22,054,624·5
June	10,634,175·6	7,442,050·1	25,246,750·0
July	34,453,379·8	13,789,510·5	45,910,619·3
August	—	16,195,078·1	29,715,541·2
September	—	12,024,941·6	17,690,599·6
October	—	17,690,599·6	—
	176,267,473·9	176,267,473·9	—

¹Includes weight losses in drying and reconditioning amounting to 12,099·4 bushels.

²Includes purchase of 11,372,063·2 bushels from the 1951-52 Pool Account—Barley and relevant sales of futures.

In the August-November period there was an exceptional demand for barley and price levels were buoyant. During this period the Board pressed its selling operations to the limit of the quantities of barley which could be placed in deliverable positions. The demand for barley declined sharply in the winter months and prices moved to lower levels. Demand improved as the opening of navigation approached and barley was in steady demand throughout the summer and fall months, with prices working to lower levels. In June and July producers delivered 45·1 million bushels of barley to the Board. These heavy year-end deliveries were moved forward as quickly as possible but had the effect of extending Board selling for about three months after the close of the crop year on July 31.

Fortunately, record barley marketings in 1952-53 were accompanied by a broad export demand for barley during the time the 1952-53 Barley Pool was under administration. Exports of barley in the crop year amounted to 118·9 million bushels as compared with 69·9 million bushels in 1951-52.

The export demand is illustrated by the following table which shows exports of barley, by countries, for the crop years 1951-52 and 1952-53:

	1951-52	1952-53*
Germany	5.9	30.4
United States	10.2	24.1
Japan	15.1	19.4
United Kingdom	8.0	16.1
Belgium	17.6	12.2
Korea	—	6.1
Netherlands	2.8	5.5
Denmark	3.3	2.6
Norway	2.4	1.1
Switzerland	1.1	.7
Italy	1.4	—
Austria .....	.9	—
France .....	.8	—
Others .....	.4	.7
Total	69.9	118.9

*Source: Board of Grain Commissioners for Canada. Figure subject to revision.

Western Germany was the largest buyer of Canadian barley in 1952-53, followed by the United States, Japan, the United Kingdom and Belgium, Lesser quantities went to Korea, the Netherlands, Denmark, Norway and Switzerland.

Exports of barley continued in good volume during August, September and October, 1953 and played an important part in the closing of the Pool.

Of overseas clearances of barley, 15.6 million bushels were from Pacific Coast ports, 74.4 million bushels from St. Lawrence ports, and 4.6 million bushels from Maritime ports.

During the crop year the Board sold 117.7 million bushels of barley in the futures market and 58.5 million bushels were sold on a flat basis.

The Board's monthly average quoted prices for No. 3 C.W. Six-Row Barley and No. 1 Feed Barley are shown in the following table:

	No. 3 C.W. Six-Row Barley	No. 1 Feed Barley
	(cents per bushel)	
August, 1952	148½	126¼
September	153⅝	131⅝
October	157	138
November	145⅝	139⅝
December	133	122¼
January, 1953	135	118⅜
February	135¼	119½
March	137	122¼
April	127	118½
May	125⅝	122
June	124	122⅝
July	118¼	114¼
August	126⅝	112⅝
September	123⅝	104⅝
October	113⅝	94⅝

In the first quarter of the crop year barley prices were relatively high and reflected the keen demand for both malting and feed grades of barley. Sharp declines in Board selling prices occurred in December, after which prices remained steady until March. In April a sharp break occurred in selling prices for malting grades of barley and a lesser decline took place in the Board's selling prices of feed grades.

Barley prices again declined sharply in the final month of the crop year. Prices for malting grades strengthened considerably in August and September, 1953 but declined sharply in October, 1953. The decline in Board selling prices for feed grades of barley which occurred in July, 1953 continued in the succeeding three months, October prices for No. 1 Feed Barley averaging 94½c. per bushel.

2. Board Operating Costs—1952-53 Barley Pool

Carrying charges in country and terminal elevators were \$5,931,389.89. Handling, stop-off and diversion charges (principally incurred in handling barley through Prince Rupert) amounted to \$155,742.04. Brokerage and Clearing House charges were \$31,288.98, while Board administrative and general expenses amounted to \$461,400.21. On producers' marketings of 164,886,884.1 bushels, administrative and general expenses amounted to .27983 cent per bushel.

Interest and bank charges resulted in a net credit item of \$36,154.64 and grade adjustments, drying and reconditioning charges, etc. showed a net credit balance of \$851,384.12. Freight recovery on export barley amounted to \$334,628.05. This item consisted of freight recoveries on export barley shipped to Pacific Coast ports.

Net operating costs applicable to the 1952-53 Barley Pool were \$5,357,654.31,

The WITNESS: With regard to barley, the first table shows board receipts of barley as totalling 164 million bushels. Barley receipts increased sharply in the final month of the crop year. The next table deals with the sales and transfers. Over the page it gives the breakdown of the transfer of 17 million bushels, by grade. The next paragraph deals with the price basis of the transfer.

Mr. HARKNESS: How many of the grades of barley shown on page 19 are malting barley?

Mr. RIDDEL: Generally speaking, the malting grades of barley are No. 2 C.W. Six-Row, No. 3 C.W. Six-Row and No. 4 C.W. Six-Row, the last grade to a lesser extent than the others. It is true also that maltsters will sometimes accept the feeding grades of barley purchased on a sample basis, if the barley is true to type and does not contain too much peeled barley. I might say that the Tough barley might also be acceptable in some cases.

Mr. HARKNESS: Are all these, No. 2 C.W., 3 C.W., and 4 C.W. Six-row shown here sold as malting?

Mr. RIDDEL: Not always.

Mr. HARKNESS: Would they go mostly for malting purposes and seed?

Mr. RIDDEL: Yes.

Mr. HARKNESS: Does some of it go for feed?

Mr. RIDDEL: Japan has from time to time taken malting types of barley to be processed and used as an additive to rice.

Mr. HARKNESS: They buy a particular kind of barley, which is referred to today in our country, I believe, as ricing barley. I do not know what its breed is.

Mr. RIDDEL: At one time they had a preference for the Two-Row barley because of the colour, but they found in processing the Two-Row barley that

they had considerable breakage, and in the past 12 months they have preferred the Six-Row barley. They have also bought quantities of No. 1 Feed barley, which they find suitable.

Mr. HARKNESS: Is there a particular variety of barley which they buy and which they find particularly acceptable for mixing with rice?

Mr. RIDDEL: Yes. In the case of Canadian barley, they find the Six-Row barley is preferable.

Mr. HARKNESS: The market to Japan, by and large, is the same market as to maltsters?

Mr. RIDDEL: Yes, where supplies are available for shipment to the west coast. They have also taken No. 3 C.W. Six-Row through the lakehead, down the St. Lawrence and around to Japan that way.

Mr. HARKNESS: They do not take a barley such as Olli—I think that is the name—regular malting barley, do they?

Mr. RIDDEL: I am not quite sure whether they would take Olli or not. I will check on that.

The WITNESS: Mr. Riddell has just been over to Japan.

Mr. HARKNESS: There is a certain demand for information, I might say, in regard to the type of barley that can be sold for export, in Alberta at any rate. I know a certain number of farmers looking for supplies of this particular type of barley, which some people grew last year and were able to sell for export to Japan. It was not barley, by and large, as I understand it, that maltsters take.

Mr. RIDDEL: Generally speaking maltsters do not take the No. 2 row barley for malting purposes. About two years ago Japan preferred No. 2 row barley because of its whiteness. At that time they were obtaining quite large supplies of California barley, which is a Blue Barley. Our 6 row is also Blue Barley, but the blue tinge disappears in the processing which is not the case with American barley. Because of the blue tinge in the American barley they stopped purchasing our 6 row barley until they found that the blue tinge disappeared and then they came back to purchasing our 6 row in preference to the 2 row barley.

Q. Will they take that Olli Barley in Japan?—A. I am not sure what type it is.

Q. It is a malting barley?—A. I think they will take it. It is a 6 row type.

By Mr. Argue:

Q. You have listed different prices realized for different varieties of barley and oats. When you get barley with 20 per cent wheat, then it is mixed grain. Have you got a final realized price?—A. Three C.W. mixed grain which is grain with barley predominant, that is at least 51 per cent barley, the average sales price was 1·03786817 cents or approximately 1·038 cents.

Q. I think that is a very interesting figure. It would show that the realized price for mixed grain was just a little higher than the realized price for No. 3 feed barley.—A. No, it is about 3 cents lower than No. 3 feed barley.

Q. On page 19 the price is 1·03492 for No. 3 feed barley and yours was 1·03786.—A. For No. 3 feed barley the price was 1·06.

Q. Is that mixed grain predominantly barley and the rest of it wild oats?—A. Yes, and other cereal grains.

Right Hon. Mr. HOWE: And mustard.

By Mr. Argue:

Q. How has it worked out in practice as a method of grading? I do not think that last year was too bad, but the year before there was a lot of wheat

in the barley grown and producers had barley with about 25 per cent No. 2 Northern Wheat in it and the grain was graded mixed grain and they received a good deal less than for No. 3 Feed Barley and yet very often it was superior feed.—A. Yes, with a large percentage of wheat, but the difficulty is to clean out the wheat with the kernels being about the same size.

Q. In practice in selling that type of mixed grain and feed grain would it not have a greater demand amongst hog feeders, for example, than No. 3 feed barley?—A. Depending on the content of it.

Q. It would seem to me that if there was any substantial quantity of mixed grain that comes to the board that is mixed barley and wheat that some consideration might be given to one more grade. Is the reason that there is not a grade for that kind of mixed grain because there is very little of it?—A. Yes. The quantity handled and sold by the board in 1952-53 pool totalled 818,000 bushels.

By Mr. Harkness:

Q. Of the total amount of barley sold last year how many bushels were malt barley? How many bushels went or were sold as malting barley?—A. Do you mean domestically?

Q. I mean altogether.—A. I do not think we know. We sold millions of bushels of 3 C.W. 6 row barley abroad. I do not think we would know what it was finally used for. Some for feed and some for malting.

Q. On that the producer did not get the malting premium?—A. No. Only on that selected for the Canadian Maltsters or the maltsters in the United States.

Q. What was the amount of barley that that applied to?—A. We have not those figures. If you want the figures we will get them for you from Winnipeg and give them to you.

Q. I was actually wondering how much more market there is, if any, for malting barley than the amount of malting barley being produced?—A. It would appear at the moment anyway, that the two are pretty well in balance I would think.

Q. In other words, you do not think there would be any profit in encouraging more farmers to grow more malting barley rather than feed?—A. The malting barley market in the United States, which is the main market outside of Canada, depends on the quality of their own production and the quantity of their own production and there are some years when their quality is not too good and they are willing to come into Canada and take more than usual. Other years they are inclined to cut down in their imports in Canada or be more fussy about the quality, which has the same effect, and in selected samples of malting barley.

Q. The situation in our part of the country, in western Alberta, is that the people who had malting barley were able to sell more barley whereas people with feed barley could not sell it. I wonder if it would be wise to increase the amount of malting barley and not have so much feed barley being grown?—A. A great deal depends on the California crop. They are large producers of malting barley and I understand they have a very good crop this year. Some years when they have a light crop it has the effect of causing heavier purchasers from this country.

Q. You do not agree that there is a large possibility of increasing our markets for barley by putting more emphasis on growing malting barley?—A. I think we could easily find ourselves in a surplus position if we put too much emphasis on it. I would think that it is fairly close in balance at the present time.

Mr. RIDDEL: I think that it is. In this particular year I would say that the supply is slightly greater than the demand.

The WITNESS: All that happens in a year where there is a greater supply than demand is that the selectors—

Q. Get tougher?—A. Yes, and the result is a lot of barley they get in a malting barley category becomes ordinary 3 C. W. 6 row barley.

Q. The malting barley is still perfectly good for the feed if you cannot sell it for malting?—A. Yes.

Q. The return per acre is somewhat less, of course?—A. Yes.

Q. Than for some feed varieties. We might be somewhat better off by growing more malting barley, but I take it that you would not like to be responsible for any such encouragement?—A. No, frankly, I would not.

Mr. BRYSON: By the time that that stuff is properly cleaned up and accepted for malting and so on I do not think there would be as much in it as it would appear. It has to be very well cleaned and there is a great deal of loss.

By Mr. Argue:

Q. Why was there such a decided downward trend in barley prices as set forth on page 21?—A. The real difficulty with barley prices has been the competition of Argentine maize or corn which has gone down substantially in price. The exports from Iraq—they have exported substantially—although I understand recently they have had bad floods and are not selling any great quantities of barley at the present time. That is all competitive with our barley and the big price-making factor in regard to barley as you can readily see from the table on page 21 is the imports of barley by the various overseas countries. The figures are there. You can see in 1951-52 the total imports by these various countries were 69.9 and went up to 118.9, in 1952-53. During 1952-53 the exports of corn from Argentina were fairly low. Exports of barley from areas other than Canada were fairly low and we have a very good market for our barley but have run into the competition that I am talking about.

Q. Is the world feed picture today about the same as the world wheat picture, supplies large and profits good?—A. That is generally the situation.

Q. Do the Americans now have restrictions against Canadian barley?—A. No.

Q. What is the American market like for barley?—A. The American market for barley is chiefly for malting barley, and that depends on the circumstances as related to the American production of malting barley.

Q. Our barley does ordinarily compete with American feed grains?—A. Not ordinarily, no. If you look again at page 21 you will see where the United States in the crop year 1951-52 imported 10.2 million bushels of barley, whereas in 1952-53 they imported 24.1. That is practically all malting barley.

By Mr. Harkness:

Q. That is what I was getting at a few moments ago; the advantage of growing it?—A. It would be brought about by demand in relation to their own production.

By Mr. Argue:

Q. The demand for Canadian oats in the United States has been high and the demand for Canadian wheat and barley not particularly high. The reason is price, comparing oats to barley?—A. The main feed commodity in the United States, is corn, and as you know corn is fed widespread over the

whole of the United States, and the demand for our barley for feed would be very definitely related to the production of corn, and the production of corn in the last several years has been very large in the United States.

By Mr. Johnson (Kindersley):

Q. Do you have figures on the domestic consumption of feed and malting barley in Canada?—A. We do not have them here. It is always difficult to bring all the figures that might be asked in a committee of this kind.

By Mr. Bryson:

Q. West Germany buys our barley for what specific purpose?—A. Feed.

By Mr. Weselak:

Q. Is there a reason to expect an expansion in the Japanese market similar to that in wheat?

Mr. RIDDEL: Yes. I should qualify that to this extent that it depends on the supplies and price of rice. Also the supplies of barley available from other countries. Australia is a large supplier of barley to Japan and they do prefer certain types of Australian barley to Canadian barley.

Q. Are the Japanese tastes being similarly directed toward consumption of Canadian barley as toward wheat and bread products?—A. No, although they have always used a certain quantity of their own domestic production of barley with a mixture of rice. That has been true for quite a number of years.

Mr. MANG: What would be the chances of getting into the Chinese market supposing international relations simmered up? I say it seriously, because there are between 3 and 4 million eaters there and if they become fond of our wheat and barley it seems to me that it would be a huge potential market?

Right Hon. Mr. HOWE: It used to be a good wheat market in some years.

Mr. MANG: Could I get that information?

The WITNESS: At one time we were large exporters of wheat to China, particularly Shanghai and Tientsin, but now that is of course completely cut off. If there was any settlement to enable a resumption of trade, I think there would be a good potential market in China.

By Mr. Argue:

Q. What would the magnitude of that market be?—A. In the past years?

Q. Yes.—A. We have exported in past years as much as 20 to 25 million bushels of wheat to China.

Q. And barley?—A. Well, barley would be entirely a new experiment. I think if you could get the same kind of a policy in China as in Japan whereby they take barley and use it as a rice substitute that that market could be substantial, but it would be a brand new furrow to plow, I would think. I never heard of them using barley in China as a substitute for rice up until now.

By Mr. Johnson (Kindersley):

Q. Do the maltsters list their requirement with the Canadian Wheat Board the same as the millers do for wheat?—A. No. The maltsters ask the handling companies to submit on behalf of the producer samples of barley to test to see whether it is suitable for malting or not. If the car is approved, then a permit is issued by the board and eventually the car will be shipped and will be marked off against that permit.

Q. So the barley does not actually go through the board then. It is a direct sale between the company and the maltster?—A. No. It is made direct by the maltster to the handling company but the barley is delivered to the board and we sell it to the malting company and it all goes into the pool.

By Mr. Harkness:

Q. The producer only gets the initial price plus the premium?—A. At the outset, yes.

Q. In respect to the amount of barley that was sold here on a flat basis, 58.5 million bushels, was that chiefly sales to governments?—A. Well, there was a considerable quantity of that I think sold to Japan.

Mr. RIDDEL: Largely Japan and domestic maltsters. A certain amount of feed barley sold was on the same basis.

Q. All your barley sales went into the futures market except sales to maltsters and governments?—A. Not all, there would be some flat sales made for shipment to the United States. The Japanese sales would be flat, and a considerable amount of malting barley would be sold flat to our own maltsters.

By Mr. Argue:

Q. In April a serious break occurred in malting grades of barley. For what reason? Page 21, second column, first paragraph?—A. That would be a lessening of demand for malting barley, particularly in the United States.

Q. Is that because of increased crops? It would not be increased crops at that time of year?—A. No. It would probably mean that they had come to the point that they felt that they had sufficient supplies to carry them through until the new crop and did not want to take on any more barley at this time.

By Mr. Harkness:

Q. You transferred 8,264,000 bushels, approximately half on the basis of closing prices of the December and May futures on October 30, and the remainder at the prices for October 30, that is your selling prices for October 30. Was that covered by you against any risk in declining price by purchase on the futures market, or did you just assume the risk for that?

Mr. RIDDEL: The 8,264,000 bushels transferred on the basis of the closing prices on October 31, futures were sold against that quantity. No futures had been sold against the remainder and there was a price risk and carrying charges involved in carrying that grain until disposal.

Q. Why did you not sell futures against that?—A. We sold all the futures the market would take at that particular time.

Q. You could not sell it in the futures market? Does that happen very frequently?

Mr. RIDDEL: Occasionally.

The WITNESS: Unfortunately too frequently. There are times you just cannot sell orders of barley without just simply destroying the price structure and you have got to use some judgment as to how you do sell it.

Mr. HARKNESS: This was an action which was forced on you, rather than covered by future sales?

Mr. RIDDEL: There may have been other reasons, one for instance that the barley was not in a position to sell.

The WITNESS: I cannot recall just what the reason was at that particular time, but there could be that reason or that the market was so thin that we just could not sell that quantity of barley at that time.

Mr. HARKNESS: As a result of that inability to sell this 8 million odd bushels on the futures market there will be a certain amount of loss to the 1953-54 pool?

Right Hon. Mr. HOWE: The barley was all sold. We made a settlement.

The WITNESS: I do not think that that necessarily follows.

Mr. HARKNESS: The price has declined still further?

The WITNESS: It would depend on the period of time we required to sell the barley, and the market during that period of time.

Mr. HARKNESS: It was lower right through that time.

Right Hon. Mr. HOWE: As I remember the situation we had to make a cut-off at a certain time, but before it was done the barley was sold. I know when we made the settlement we announced that both the oats and barley in the pool had been sold.

Mr. HARKNESS: The oats were not sold and finally disposed of until some time in October.

Right Hon. Mr. HOWE: We did not make the payment until some time in October.

By Mr. Argue:

Q. Where was most of the barley for export shipped out?—A. The west coast for most of the sales to Japan, and from the lakehead to Milwaukee and other ports in the United States.

Q. Would it be a third or two thirds which would go through Vancouver?—A. No, I do not think so. I think if you look at the figures on page 21.

Mr. RIDDEL: There is a paragraph here, overseas clearances of barley, 15.6 million were from Pacific coast ports, 74.4 million from St. Lawrence ports, 4.6 million bushels from maritime ports.

By Mr. Argue:

Q. Where does the sum of one third of a million dollars for free recovery of export barley come into being?—A. That was the same situation referred to in connection with oats. All oats and barley are purchased basis Fort William from the producer, and if we are able to effect export sales of barley at the west coast the freight saving is reflected to the producer.

Q. That is a different policy entirely than followed in wheat?—A. As far as wheat is concerned, wheat is bought basis Vancouver export rate, or basis Fort William. In the initial stage, when the deduction is made at the country elevator point the freight is deducted. If we can sell any oats or barley out of Vancouver on the basis of the Vancouver export rate, naturally the pool will benefit to the extent of the difference between the two rates.

By Mr. Argue:

Q. Would it not be of advantage to set a basic price for barley out of Vancouver?—A. The amount of barley that is shipped out of Vancouver, related to the amount that goes out of eastern markets, is very small, as indicated by the figures that we have submitted here. The amount of oats going out of Vancouver is practically negligible. So the position would be that you would have to buy, if you put it on a comparable basis that way, all the oats and barley on a Vancouver basis in the pool and absorb the difference on anything you had to ship out of eastern markets.

Q. The proportion of barley sold at Pacific coast ports is not too much under the proportion of wheat, is it?—A. The pool gets the benefit anyway.

Mr. HARKNESS: The people that suffer are the farmers in western Alberta. They would get less and the people in the pool would get more.

The WITNESS: I think that the farmers in western Alberta do well on the whole.

Mr. ARGUE: Does the price to them get less, as you go through Alberta, for barley?

The WITNESS: Yes, because it is on a basis of Fort William. Mr. Harkness is right.

Mr. HARKNESS: We are subsidizing the farmers in Saskatchewan to some extent.

Mr. ARGUE: We have not noticed it.

The CHAIRMAN: Does that complete barley?

By Mr. Castleden:

Q. What are the sales of barley for that year in Canada?—A. Somebody has asked me that question already. 58 million bushels would be the figure, would it not?

Q. How does the price compare with the previous year?—A. I am sorry; I do not know.

Q. About 58 million was for Canadian consumption. How do the prices for Canadian sales in 1952-53 compare with those in 1951-52?—A. I think that the prices were down a little, but we will look it up here. I think that these figures are interesting for the committee. They indicated domestic disappearance of Canadian wheat, oats and barley for the period August 1, 1952 to July 31, 1953: wheat, 64.3 million bushels; oats, 49 million; and barley, 30.5 million. For the same period in the previous year: wheat, 73.1 million; oats, 50 million; barley, 39.2 million.

Q. The home consumption is down?—A. Yes.

Q. How do you account for that?—A. It may be as a result of good crops in the consuming areas. It varies with the areas of production and areas of consumption.

Q. Where is our malting barley marketed?—A. In Canada or for export?

Q. Both?—A. Our malting barley largely to Milwaukee and Chicago and various brewing points. In Canada our malting barley goes to Calgary, Winnipeg and Toronto, where the large malting centres are.

Q. Your export of 30 million bushels to Germany in 1952-53, as compared with 6 million in the year before, refers to malting barley?—A. No, that is feed barley.

Mr. BRYSON: Are our diversion charges the same for barley as for wheat?

The WITNESS: No, they are not.

Mr. RIDDEL: The diversion charges on oats and barley are higher than the diversion charges for wheat.

Mr. BRYSON: How much?

Mr. RIDDEL: In the case of oats shipped to interior mills, the mills pay a diversion charge of 3 cents per bushel, and in the case of barley they also pay 3 cents. These charges are the same in 1952-53 and in 1953-54.

Mr. HARKNESS: Is there any reason for that?

The WITNESS: That again is a matter of negotiation between the maltsters on one side and the elevator companies on the other, and the mills on one side and the maltsters on the other.

Mr. WESELAK: Would it not be because they were bulkier?

The WITNESS: No, my recollection is that they have always been a little higher than wheat.

Mr. HARKNESS: It is a matter of tradition rather than anything else?

The WITNESS: It is a matter of the ability of the elevator companies to convince the maltsters and millers that they should pay a higher premium.

By Mr. Argue:

Q. On the sales of barley that you make through Vancouver, do you charge the same price as Fort William?—A. Generally it is higher. It depends on the conditions that apply at the particular time and the strength of the demand.

Q. Was the price of barley sold in this period out at Vancouver higher than the price at Fort William?—A. Yes, generally speaking it was.

Q. Could you give the committee some idea of the amount of the difference?—A. It would depend on the conditions at the time. It ranged from 10 to 15 cents higher, probably. At the present time it is only, roughly, 10, and we are not selling anything at the moment out of Vancouver. That all goes into the pool.

The CHAIRMAN: Shall No. 14 carry?

Carried.

No. 15, "Payment Division", for wheat, oats and barley, on page 22.

15. Payment Division

The following table shows the major payments completed during the crop year 1952-53:

Account	Date first Cheques Mailed	Date Completed	Number of	Total Value of Cheques Issued
			Cheques Issued	
1951 Final Payment—Wheat.....	Nov. 20/52	Dec. 31/52	412,650	\$114,585,112.68
1952 Adjustment Payment—Wheat..	Mar. 30/53	Apr. 28/53	319,272	61,124,386.63
1951 Final Payment Oats	Oct. 15/52	Oct. 31/52	174,770	24,746,258.79
1951 Final Payment—Barley	Oct. 29/52	Nov. 15/52	183,555	19,241,174.36
1952 Adjustment Payment—Barley ..	Apr. 29/53	May 7/53	157,850	14,467,203.86
			<u>1,248,097</u>	<u>\$234,164,136.32</u>

In addition, the Payment Department issued 417 cheques (value \$32,547.47) applicable to the 1940, 1941, 1942, 1943 and 1944 wheat accounts and 8,655 cheques (value \$543,309.63) covering adjustment payments and the final payment applicable to the 1945-49 Pool.

In addition to the enforcement of the Act and Regulations, the Board dealt with all legal matters affecting the Board and assisted the Payment Department in connection with estates of deceased producers.

Mr. ARGUE: Could you give us the answer to this question, which we are often asked? When a payment is about to be made by the board, in what order do you make the payment, and how soon after the board gets its machinery into operation can producers expect payments?

Mr. EARL: When we make one payment, we start with Manitoba first, Saskatchewan second, Alberta third, and the next time we start with Saskatchewan and pay Alberta second and Manitoba last. We keep turning it around so that there is equality in receiving these payments.

Mr. ARGUE: Within the province, how are the payments made as between shipping points?

Mr. EARL: Alphabetically by station.

Mr. ARGUE: You do not vary that part?

Mr. EARL: No.

The WITNESS: There is one department of the board of which I am very proud. When we started to make our payments we used to feel that we were lucky if we could get out 5,000 cheques a day, and now we get out 30,000; so I can assure you it is a big operation.

Mr. ARGUE: My hope comes again.

Mr. MANG: Does the machinery account for that?

The WITNESS: Yes, it is entirely done by machines. Perhaps this invitation is premature, but at any time in the future when we may be making a payment and members are in Winnipeg, that is a piece of machinery that you should all see. You people own it, and, as I say, it is one section of the board's operation that I think is very commendable, the way that payment is handled.

Mr. ARGUE: How many cheques do you have to send out? How many permit book holders?

Mr. RIDDEL: 250,000 permit book holders.

Mr. ARGUE: This is probably not relevant, but how does that compare with the number of farms? It would be rather higher, would it not?

Mr. RIDDEL: Not very much. When all the land is farmed as a unit, it is all covered in one permit book.

The WITNESS: How many cheques do you get out in one payment?

Mr. EARL: They vary. The payments made during the year are shown on page 22. Of course, it will not bear any relation to the number of permit books, for various reasons.

Mr. ARGUE: What is the cost of making a payment per cheque?

Mr. EARL: That is a very hard question to answer, because there are various factors that affect it. I cannot tell you exactly, but my guess would be somewhere between 35 and 40 cents. You have the factor of exchange, 1 per cent, depending on the value of the cheque; you have a fixed rate of postage; the bank commission, which is also fixed, for handling cheques; you have the cheque forms themselves and the envelopes, which I would say account for half the balance; and the administrative costs that we allocate to that particular operation.

Mr. CASTLEDEN: What is your average commission?

Mr. EARL: The exchange is $\frac{1}{8}$ per cent on the total cheques cashed each day.

Mr. ARGUE: How rapidly do you find the producers cash their cheques?

Mr. EARL: There is no fixed Pattern. It varies. Sometimes I wonder what they do with these cheques.

Mr. ARGUE: Is that true for this year?

Mr. EARL: No, I would not say it was.

Mr. ARGUE: Generally speaking, they cashed all the ones that went out, and the \$68 million is cashed?

Mr. EARL: Very probably they are cashed in about the same volume as we issue them, after a certain period has elapsed when they reach the point for which they are intended.

The CHAIRMAN: Shall No. 15 carry?

Carried.

16. Legal Department

During 1952-53 the work of the Legal Department centered on the enforcement of the Act and Regulations thereunder. There was a substantial increase in infractions of grain delivery regulations which resulted in a sharp increase in investigations and prosecutions. While 952 prosecutions were

launched during the crop year, about one-third of these involved producers and agents at a limited number of delivery points where infractions of delivery regulations were general.

The WITNESS: This is a department of the board about which we are not too happy, as far as prosecutions are concerned. In order to carry out the operations of our quota system, there are times when it is necessary for us to take action in the country at some points.

By Mr. Argue:

Q. What were most of the prosecutions for?—A. Mostly over deliveries.

Q. In excess of the record in the permit books?—A. In excess of the quota at the point.

Mr. CASTLEDEN: What form do these prosecutions take? Is there a fixed fine or a variable fine?

The WITNESS: It depends on the magistrate.

By Mr. Argue:

Q. I have delivered grain to different points, and at different points there are different general practices. At one point a few years ago the buyers would say when you had a few hundred bushels left in your crop to bring it in. If the quota was 200 and you went up with 205, they did not say very much. At another point they were strict and would not take an extra pound. I presume the law or the regulation is that the maximum is the maximum, and there is no leeway; or is there some reasonable leeway to take care of some human error in calculation?—A. There is no leeway in the regulations. I do not think you should ask me as to whether there is leeway in the judgment of the board or not. We try to run it according to common sense.

Q. Generally speaking, the operator should not accept any grain in excess?—A. Most of the prosecutions referred to here are at points where there has been wholesale violation of the board's regulations, where you simply had to move in and give the widest possible publicity to your action.

By Mr. Weselak:

Q. Are these prosecutions conducted by the board counsel or outside counsel?—A. They are usually conducted by the Royal Canadian Mounted Police.

Q. Through the attorney general's department?—A. Yes.

The CHAIRMAN: No. 17, "Staff and Officers".

17. Staff and Officers

The following table shows the number of employees of the Board on July 31, 1952 and July 31, 1953:

Head Office, Winnipeg	669	656
Calgary, Alberta	35	33
Vancouver, B.C.	18	18
London, England	4	4
Washington, D.C.	2	2
Montreal, Quebec	—	2
TOTAL	<u>728</u>	<u>715</u>

On July 31, 1953 the Board had 715 employees as compared with 728 on July 31, 1952. During the year the Board opened an office in Montreal to assist in the forwarding and exporting of grain.

The WITNESS: There is no particular comment there. Our staff runs to about 700. Sometimes it is reduced, and sometimes we have to take on extra staff. It does not vary a great deal from that figure and has not varied over a period of years, as is evidenced by the fact that our over-all per bushel handling costs have not varied very much over the years.

By Mr. Castleden:

Q. I notice that the staff was reduced in 1953 as compared with 1952, in spite of the fact that more grain was handled. Does that indicate that your efficiency is increasing?—A. Well, I hope that it is always increasing. There are factors that enter into that. For example, in the previous year we had all this tough and damp grain to handle, which certainly takes more of a staff than handling straight grade wheat. All those factors enter into it. The position is that we as a board keep after Mr. Earl to keep his staff down as much as he can and keep down overhead, and I imagine that he has a talk with the different supervisors from time to time.

Q. With regard to the present surplus that exists—and undoubtedly the Americans have their eyes open for ways of developing their exports—have you done any increasing of your sales staff in order to get to these markets before somebody else beats you to it?—A. Yes, we have an office in London, with a first-class man there who holds himself available and goes to the continent at frequent intervals whenever he thinks there is an opportunity of disposing of grain. I was over there myself on the continent last August. I was over in England about two months ago. Mr. Riddel has been out to the Far East. We had a man in Central America. Our whole approach to this problem is whenever there is any prospect of business to get a man on an aeroplane and get him over there and see if it is not possible to do business. Mr. Riddel was in Germany and Switzerland this year, along with Mr. Lawrie of our London office, and we were able to make a very satisfactory contract in both countries.

Q. I think that that will be necessary from now on.—A. That is one thing in which we very much believe, personal contact, with regard to the sale of our grain.

By Mr. Johnson (Kindersley):

Q. I notice from the table of the staff that there is no permanent staff in Saskatchewan. Are they serviced from Winnipeg or Calgary?—A. From Winnipeg.

Q. Why do you have a staff of 33 in Calgary, and none in Saskatchewan?—A. Our problem is largely as to whether our grain is shipped to Vancouver or east, and it would be very inconvenient for us to handle it west from Winnipeg.

Q. I was thinking in terms of Wheat Board representatives who make periodic visits to various marketing points. They do not all work out of Winnipeg, do they?—A. We have a group of inspectors that work out of Saskatchewan points.

Q. They are not listed here, are they?

Mr. RIDDEL: They are under supervision of Winnipeg.

By Mr. Johnson (Kindersley):

Q. But they work in Saskatchewan?—A. Yes, they are located at various point in Saskatchewan.

Q. Have you a record of how many there are?

Mr. EARL: 12 in Saskatchewan.

Mr. JOHNSON (*Kindersley*): How many are resident in Saskatchewan?

The WITNESS: I think it is 9, is it not?

Mr. EARL: 8 or 9.

The WITNESS: I think that it is 9 in Saskatchewan, and 3 in Manitoba.

Mr. ARGUE: Could you give us some idea of what help the trade commissioners are to the Wheat Board? They are not represented in a great many countries, but there are trade commissioners.

The WITNESS: I can say this, that the more we go on with the marketing of grain, the more we are impressed with the type of trade commissioners that Canada has abroad. We have never in our experience asked the trade commissioners for help when they have not given it willingly. Whenever our own representatives go to these countries they are taken under the wing of the trade commissioner. He makes contacts in the proper quarters for these discussions, and I can say—and I am speaking on behalf of every member of the board—that we cannot pay too high a tribute to the work of the trade commissioners, as far as the sale of our grain is concerned.

Mr. ARGUE: Can you give me some practical example?

Mr. RIDDEL: From our personal observation and remarks made by other people in foreign countries, Canada has one of the finest Trade Commissioner Services of any country in the world.

Mr. MANG: I would think that it would have to be good to be under the Right Honourable C. D. Howe. On that point the same thought ran through my mind when I noticed the upping of the sales of barley, namely 50 million bushels in one year. Now, you must have had a very close tab on the marketing situation throughout the world in order to jump right in and make a sale right on the spot. That is a jump of 50 million and you cannot do that without being on the job.

The WITNESS: I think that we do try to keep on top of every market we possibly can and we never hesitate if there is any hope of doing business, to put a man on an aircraft and fly him to wherever he has to go to do business. We do not feel that we can do business by sitting in our office in Winnipeg.

The CHAIRMAN: Is there anything on 18 and 19?

18. *The Canadian Wheat Board*

Mr. W. Earle Robertson, formerly Assistant General Manager, Federal Grain Limited, was appointed as Commissioner of the Board in November, 1953. With Mr. Robertson's appointment the membership of the Board was increased from three to four Commissioners.

19. *Advisory Committee*

In 1952-53 two meetings of the Advisory Committee were held. Members of the Advisory Committee during 1952-53 were: L. Hutchinson (Chairman), Calgary, Alberta; D. I. Walker, Toronto, Ontario; K. A. Powell, Winnipeg, Manitoba; F. H. Clendenning, Vancouver, B.C.; J. Theo Roy, Montreal, Quebec; J. H. Wesson, Regina, Saskatchewan; R. C. Brown, Winnipeg, Manitoba; F. Pettypiece, Auld, Ontario; J. A. McCowan, Victoria, B.C.; P. Farnalls, Halkirk, Alberta; R. R. Emerson, Winnipeg, Manitoba.

Mr. HARKNESS: Who are the people on the Advisory Committee?

The WITNESS: Mr. Hutchinson is the former Chairman of the Alberta Wheat Pool. He is a producer who lives in northern Alberta. Mr. Walker is the president of the Purity Mills. Mr. Powell is the head of C. A. Powell and

Company, grain exporters, Winnipeg, Mr. Clendenning is President of a shipping company, they are the largest shipping agents in Vancouver. Mr. Roy was formerly the head of the Grain Department of the Co-op Fédérée in Montreal, and now operating a feed business in Montreal. Mr. Wesson is President of the Saskatchewan Wheat Pool. Mr. Brown is Vice-President of the United Grain Growers. Mr. Pettypiece is an Ontario producer. Mr. McCowan is a former farmer from southern Saskatchewan. Mr. Farnalls is a farmer in Halkirk, Alberta. Mr. Emerson is President of the National Grain Company in Winnipeg.

By Mr. Harkness:

Q. How frequently do the members of this Advisory Committee change?—

A. There have been very few changes over the years. There have been some retirement owing to ill health and unfortunately several members of the Advisory Committee have died and appointments have been made in their place, but apart from that very few changes.

Q. What is the term of the appointment?—A. It is at the pleasure of the government.

Q. There is no fixed term?—A. No.

Mr. JOHNSON (*Kindersley*): In view of the predominance of Saskatchewan as the larger producing province, would it not be favourable to have more from Saskatchewan. You have just one representative from Saskatchewan?

Right Hon. Mr. HOWE: Mr. McCowan was formerly from Saskatchewan. He was from Saskatchewan when he was appointed.

By Mr. Argue:

Q. Has the committee met since the beginning of the present crop year?—

A. Yes. December was the last meeting.

Q. The first meeting in this crop year?—A. Yes.

By Mr. Castleden:

Q. They do not decide policy?—A. The Act says that the Advisory Committee are to assist the board. Like any other advisory committee you have divergence of opinion at times.

Q. They were not the ones who advised you to have a wide open quota?—A. I think it made clear that the board accepted full responsibility for that. I should say that may be some members of the committee thought that we were using good judgment in the action we had taken, but I am not going to blame that on the advisory committee because it was a decision of the board.

Q. On what matters particularly do they advise you. Apparently they do not advise you on quotas?—A. Yes, they do.

Q. But not on this occasion?—A. I leave it to you. You have men on that committee who represent—for example, Mr. Emerson is President of the National Grain Company and Mr. Wesson is President of the Saskatchewan Wheat Pool and if you asked the advice of Mr. Wesson and Mr. Hutchinson on the subject of quotas you might get a difference of opinion.

Mr. CASTLEDEN: I can readily believe that you would.

20. Acknowledgment

In the marketing operations described in this Report, the Board desires to record the co-operation and continuous assistance of the Grain Division of the Department of Trade and Commerce, and the Canadian Trade Commissioner Service.

The CHAIRMAN: I believe that completes the first part. Next time shall we go on to part 2, financial statement?

The WITNESS: I would suggest, Mr. Chairman, that the committee, in order to avoid duplication, might go to the supplementary report at your next meeting.

The CHAIRMAN: I think that the next meeting will have to be on Thursday morning at 11 o'clock unless unforeseen circumstances make it possible to meet before.

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HOUSE OF COMMONS

Government
Publication

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Respecting

Report of The Canadian Wheat Board for the Crop Year 1952-53

and

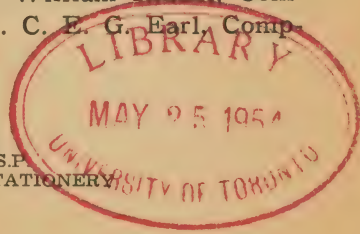
Supplementary Report of The Canadian Wheat Board on the 1952-53
Pool Account—Wheat.

THURSDAY, MAY 6, 1954

WITNESSES:

Mr. George H. McIvor, Chief Commissioner, Mr. William Riddell, Commissioner, Mr. C. B. Davidson, Secretary, Mr. C. E. G. Earl, Comptroller, all of The Canadian Wheat Board.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.
and
Messrs.

Anderson,	Fulton,	Michaud,
Argue,	Gingras,	Montgomery,
Batten,	Goode,	Murphy (<i>Westmorland</i>),
Blackmore,	Gour (<i>Russell</i>),	Perron,
Boucher (<i>Châteauguay-</i>	Harkness,	Pommer,
<i>Huntingdon-</i>	Harrison,	Poulin,
<i>Laprairie</i>),	Huffman,	Purdy,
Bruneau,	Johnson (<i>Kindersley</i>),	Proudfoot,
Bryson,	Jutras,	Roberge,
Byrne,	Kickham,	Schneider,
Cardiff,	Kirk (<i>Antigonish-</i>	Stanton,
Castleden,	<i>Guysborough</i>),	Stick,
Charlton,	Lusby,	Studer,
Clark,	MacKenzie,	Tucker,
Decore,	MacLean,	Villeneuve,
Demers,	Mang,	Weselak,
Deslières,	Massé,	White (<i>Middlesex East</i>),
Diefenbaker,	Matheson,	White (<i>Waterloo South</i>),
Dinsdale,	McBain,	Wylie,
Fontaine,	McCubbin,	Yuill,
Forgie,	McLeod,	Zaplitny—60.

E. W. INNES,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, May 6, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Blackmore, Bryson, Castleden, Charlton, Deslières, Fontaine, Forgie, Gingras, Gour (*Russell*), Harkness, Jutras, MacLean, Mang, Massé, McLeod, Pommer, Purdy, Roberge, Schneider, Stanton, Stick, Tucker, Weselak, and Yuill.

In attendance: From *The Canadian Wheat Board*: Messrs. George H. McIvor, Chief Commissioner, William Riddell and W. E. Robertson, Commissioners, C. B. Davidson, Secretary, C. E. G. Earl, Comptroller, and C. M. Chesley, Assistant Secretary; From *the Board of Grain Commissioners*: Mr. R. W. Milner, Commissioner and Transport Controller.

Mr. Riddell supplied information requested at the last meeting and was questioned thereon.

The Committee proceeded to the consideration of the Supplementary Report of The Canadian Wheat Board on the 1952-53 Pool Account—Wheat.

Section 1 to 12 inclusive were severally considered and approved, the officials of The Canadian Wheat Board answering questions thereon.

At 1.00 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Argue, Batten, Bryson, Castleden, Charlton, Deslières, Forgie, Gingras, Gour (*Russell*), Harkness, Jutras, Lusby, MacKenzie, Mang, Massé, McBain, McLeod, Michaud, Pommer, Purdy, Roberge, Schneider, Stick, Villeneuve, Weselak, and Yuill.

In attendance: Same as at morning meeting.

As requested by Mr. Argue, Mr. McIvor tabled Statement of Deliveries to the 1951-52 and 1952-53 Pool Accounts—Wheat—Oats and Barley.

On motion of Mr. Argue, seconded by Mr. Castleden,

Ordered—That copies of these statements be prepared for the use of Committee members.

The Supplementary Report of The Canadian Wheat Board on the 1952-53 Pool Account—Wheat, was further considered.

Exhibit I and the Auditor's Report were considered and adopted.

The Committee reverted to consideration of the Main Report of the Canadian Wheat Board for the Crop Year 1952-53.

Part II—Financial Statements, was adopted.

Exhibits Nos. I and VII inclusive and the Auditor's Report were adopted.

Mr. Argue, on behalf of the Committee members, expressed appreciation of the work being done by The Canadian Wheat Board.

Mr. Robertson, recent appointee to the Wheat Board, addressed the Committee briefly.

The Chairman thanked the witnesses and the Committee members for their assistance and co-operation.

At 4.30 o'clock p.m. the Committee adjourned until 11.00 o'clock a.m., Tuesday, May 11.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

THURSDAY, May 6, 1954,
11.00 a.m.

The CHAIRMAN: Gentlemen, I now see a quorum, so we will go on where we left off on Tuesday. It was agreed at the last meeting that as we had just reached part 2, the financial statement, that we should go on to the supplementary report from there because part 2, the financial statement on pages 25, 26, 27, is the same as in the supplementary except that the supplementary brings it up to the 30 January. We will go now to the supplementary report on page 1.

Before we go on there is one question to be answered that was asked at the last meeting. Mr. Riddel will answer that now.

Mr. RIDDEL: A question was asked regarding the space available in pool elevators as compared to the space available in other elevators as at the middle of June when the quota was opened.

The CHAIRMAN: Was that for any particular province?

Mr. RIDDEL: I can give it to you for the three provinces.

The CHAIRMAN: You are giving it for—

Mr. RIDDEL: Each province. On the basis of 1898 reports received from the 2092 points the space in Manitoba pool elevators was 8.9 million bushels out of a total available space in Manitoba country elevators of 21.7 million bushels. In other words Manitoba pool elevators had 41 per cent of the available space in Manitoba. In Saskatchewan, Saskatchewan pool elevator space as at June 11 was 18.5 million bushels out of a total space of 49.5 million bushels, or 37.82 per cent of the total.

Alberta pool elevators had 7,000,000 bushels of space out of a total of 27.7 million bushels, or 25.35 per cent of the available space.

The CHAIRMAN: What was the total space in Alberta.

Mr. RIDDEL: I can give you the space. 27.7 million bushels of available space.

Mr. ARGUE: Do you not have the space available in the line elevator companies?

Mr. RIDDEL: The space available in the United Grain Growers and line elevator companies would be the difference between the two sets of figures I have given you. In the case of Manitoba, total space was 21.7 million bushels of which 8,900,000 bushels was in pool elevators, leaving 12.8 million bushels available in the other elevators. In Saskatchewan the space available in the other elevators was 31 million bushels and in Alberta the space available in other elevators was 27.7 million bushels.

Mr. PURDY: Is the total capacity of the elevators on record?

Mr. RIDDEL: The capacity of Manitoba pool elevators compared to all elevators in Manitoba for the season 1952-53 was 45.8 per cent. The capacity of Saskatchewan pool elevators was 44.1 per cent of the total, and of Alberta pool elevators 31.5 per cent.

Mr. ARGUE: Could you give us the percentage of the handling space the Saskatchewan and Manitoba pools and so on have? The percentage of the total space filled and otherwise?

Mr. RIDDEL: That was the information I just gave you, Mr. Chairman.

Mr. ARGUE: Was not this the percentage of total available space?

Mr. RIDDEL: No. Total of all elevator space in Manitoba. 45·8 per cent is owned by Manitoba pool elevators. The available space was the first answer and the second answer was the capacity.

Mr. ARGUE: Would you give the capacity again?

Mr. RIDDEL: Manitoba pool, the capacity is 45·8 per cent of the total capacity in Manitoba. Saskatchewan pool is 44·1 per cent of the total capacity in Saskatchewan. The Alberta pool capacity is 31·5 per cent of the total capacity in Alberta.

The CHAIRMAN: We will go on to the report now.

1. Revised Receipts

Subsequent to the preparation of the Annual Report of The Canadian Wheat Board for 1952-53, minor adjustments were made in the volume of wheat received from producers and the volume of wheat otherwise acquired. Final receipts from producers were 533,016,978.9 bushels, while final receipts from others than producers were 2,110,381.9 bushels.

Mr. George McIvor, Chief Commissioner, The Canadian Wheat Board, recalled:

The WITNESS: Mr. Chairman, and gentlemen, this is the supplementary report of the Canadian Wheat Board to the 30th January, 1954. This is the first time in the history of the board we have issued a supplementary report. After consultation with the minister it was decided that this report should be issued because the previous report was effective only to July 31, 1953, and it would not give the true picture of the situation. So, the recommendation was made by the board to the minister that the supplementary report should be issued.

Now the first part of the supplementary report deals with the revised receipts for wheat. I might say that the supplementary report deals with wheat only because the oats and barley were finalized in the previous report. It says here: that subsequent to the preparation of the annual report that the final receipts from producers were 533,016,978.9 bushels, while final receipts from other than producers were 2,110,381.9 bushels. That is just a revision of the July 31st figures.

By Mr. Argue:

Q. I have one general question. If there is an apparent crop coming on of 500 million bushels for example, and if marketings were ordinary and there was all kinds of space available so that the farmers could haul out the total crop, how much of the crop of about 500 million bushels would the board be able to take? What part of that crop is ordinarily kept at home on the farm for feed and seed? A farmer does not feed too much wheat.

Mr. DAVIDSON: About 65 to 70 million bushels would be retained on farms in the prairie provinces.

Mr. ARGUE: Retained and used in that year or part of it retained for marketing?

Mr. DAVIDSON: Used within the year for seed and farm feeding, and so on.

Mr. ARGUE: 65 to 70 million?

Mr. DAVIDSON: Roughly.

Mr. CASTLEDEN: Does that take in the total amount? Is that the estimate of the amount left on the farm for everything, necessary storage that they could not sell?

Mr. DAVIDSON: No. Just what they could use on the farm.

Mr. CASTLEDEN: What is your estimate of what they were holding over on the farm?

Mr. DAVIDSON: As of last July?

Mr. CASTLEDEN: Yes.

Mr. DAVIDSON: The farm carry-over last July would be roughly 95 million bushels.

Mr. CASTLEDEN: Exclusive of the other?

Mr. DAVIDSON: After you have had annual farm use.

Mr. CASTLEDEN: Have you the 1951-52 carry-over?

Mr. DAVIDSON: I think I can give you a fairly exact figure on that later.

The CHAIRMAN: Are you asking for the carry-over of grain still left on the farm?

Mr. CASTLEDEN: Grain carried over on the farm of the 1951-52 crop.

The WITNESS: There is farm utilization of 65 to 70 million bushels and Mr. Castleden is interested in what amount in excess of that would be carried to be delivered.

Mr. PURDY: Of that 65 or 70 million bushels, what percentage would be for seed?

Mr. DAVIDSON: The rate of seeding would probably average $1\frac{1}{2}$ bushels an acre. You apply that to 25 or 26 million acres.

Mr. PURDY: About 40 to 45?

The CHAIRMAN: No. 2, total wheat stocks.

2. Total Wheat Stocks—1952-53 Pool

Total stocks of wheat in the 1952-53 Pool were 638,335,770.3 bushels, including 533,016,978.9 bushels delivered to the Board by producers, 2,110,381.9 bushels received by the Board from others than producers and 103,208,409.5 bushels transferred from the 1951-52 Pool as at October 24, 1952.¹

The WITNESS: This item is also a revision of the figures in the previous report. The total stocks of wheat in the 1952-53 pool were 638 million including 533 million delivered to the board by producers: 2,110,000 received by the board from other than producers; and 103 million transferred from the 1951-52 pool as at October 24, 1952.

The CHAIRMAN: Are there any questions on that?

By Mr. MacLean:

Q. I am not a westerner, and so this might sound like a stupid question, but does that carry-over from the 1952-1953 pool to the new pool lose its identity, or do you try to dispose of it first? In other words, how old might wheat get before you dispose of it?—A. Once it goes into the new pool it becomes a part of the new pool and the identity is not retained. If your question is how long can wheat be stored—

Q. I mean, do you make an effort to sell the carry-over first?—A. No, we sell whatever grades are in demand, whether they are from the carry-over or the new crop. It is part of the over-all pool once it is transferred from one year to the other.

Q. Supposing that you have wheat of a certain grade, some of which is carried over and some of which is new wheat grown that year, it is accidental whether it is the old wheat or the new wheat that is sold in a given order, if the grade is the same?—A. That is right.

¹For details of this transfer see Pages 10 and 11 of the Annual Report of The Canadian Wheat Board for 1951-52.

Mr. HARKNESS: You have figures, I presume, as to how much of the wheat prior to last year's crop was still on hand?

The WITNESS: Yes, we have that. We will come to that later on in our statements.

The CHAIRMAN: No. 3.

The WITNESS: My fellow commissioner has just corrected me. Perhaps we had better stop here. I perhaps did not understand Mr. Harkness' question. Would you repeat that question, Mr. Harkness?

By Mr. Harkness:

Q. I say, you have figures to show or you can determine how much of this 103 million bushels that was turned over from the 1951-52 pool is still on hand?—A. No, once it is turned over it becomes a part of the total pool. It is inventoried at a price and purchased by the new pool from the old pool. So it becomes a part of the total pool.

Q. You still know how much you have, because, for example, if you turned over 20 million bushels of No. 1 Northern and you bought for 1952-53 100 million bushels of No. 1 Northern, that would be a total of 120 million bushels, and at the end of the period if you sold, say, 110 million bushels, you know that you still have 10 million bushels of the old crop left?—A. That is right.

The CHAIRMAN: No. 3.

3. Inventory—July 31, 1953

On July 31, 1953 total stocks of wheat remaining in the 1952-53 Pool were 312,862,080·1 bushels against which the Board had priced open sales contracts of 62,667,567·7 bushels. At this date net unsold stocks were 250,194,512·4 bushels.

The WITNESS: This is the inventory as of July 31, 1953. On July 31, 1953, total stocks of wheat remaining in the 1952-53 pool were 312,862,080·1 bushels, against which the Board had priced open sales contracts of 62 million bushels, so that at this date net unsold stocks were 250 million.

The CHAIRMAN: Carried.

No. 4.

4. Sales—August 1, 1953 to January 30, 1954

From August 1, 1953 to January 30, 1954 completed sales applicable to the 1952-53 Pool Account were 164,214,590·9 bushels. On January 30, 1954 total stocks of wheat remaining in the 1952-53 Pool were 148,679,561·7 bushels against which the Board had priced open sales contracts of 21,404,291·1 bushels. At this date net unsold stocks were 127,275,270·6 bushels.

A considerable change in the world wheat situation occurred with the harvesting of large 1953 crops in North America, Europe, Asia and elsewhere. In 1953 Europe produced its largest wheat crop since World War II. Particularly large crops were harvested in the United Kingdom, France, Italy, Portugal, Austria, Sweden and Greece. European production was such that most importing countries required less imported wheat than in immediately preceding crop years. Also, as a result of the easing of international tension some European countries began to release reserve stocks of wheat for current consumption. In Asia, excellent wheat crops were harvested in Turkey, India, Syria and Iran, and North African production was substantially larger than in 1952. The favourable 1953 harvest combined with the lessening of reserve stocks had the effect of reducing the volume of wheat moving in international trade during the first half of the crop year 1953-54.

The international wheat position resulted in a more moderate demand for Canadian wheat during the first six months of 1953-54 as compared with the

corresponding period of the previous crop year. The following table shows exports of wheat (including wheat flour) by months, from August to January inclusive.²

	Million Bushels
August, 1953	28·4
September	24·2
October	25·7
November	24·4
December	17·8
January, 1954	17·8
Total	<u>138·3</u>

Exports of Canadian wheat and flour for the first six months of the crop year 1953-54 amounted to 138·3 million bushels. This figure, while above average, was considerably lower than the exceptionally large exports of 190·7 million bushels in the same period of 1952-53. Despite reduced exports, Canada maintained her relative share of world exports of wheat during the first half of 1953-54.

The WITNESS: No. 4 relates to sales for the period August 1, 1953 to January 30, 1954.

The CHAIRMAN: Mr. Stick.

By Mr. Stick:

Q. May I ask a question? Mr. McIvor, we have been assisting countries like Turkey to get on their feet and become self-sufficient. Will that affect our wheat sales in those countries in the over-all picture? Would the demand for our wheat be less?—A. I think that is the inevitable consequence of these aid programs, but I think that the committee would be interested to know this. We had quite a demand from Turkey for wheat from Canada a few years ago. We sold them a substantial quantity of wheat. The following year we had a delegation of Turkish people out here, and they went over our production methods in western Canada. Turkey received very large aid in the form of farm machinery from the United States. Experts were sent out from the United States to show them how to improve grain production and as a result, I think, their agricultural production methods are much more efficient than they were a few years ago. I should add, however, that Turkey, owing to the type of climate that it has, to a considerable extent is an in-and-out producer. The information that we have at the moment is that they have had a good deal of dry weather this spring, and it is not expected that they will be as active an exporter this year.

Q. But the over-all picture is that if those countries that had been buying wheat and other commodities from us become more or less self-sufficient through our aid in agricultural methods and so on, our market will dwindle.—A. That is a very big subject.

Q. I understand that, but I want to bring that up because we have had discussion in the House of Commons advocating giving them more aid, and it is going to reflect on our exports to some extent. It is probably a small and narrow way of looking at it, but that is the picture as it stands now.

Mr. ARGUE: Mr. Chairman, on that point, do you not think that it is a fact that we are not only aiding countries in the way of producing food, but we are aiding countries in the hope that they will increase their general standard

² Source: Board of Grain Commissioners for Canada. Includes exports of Ontario Winter Wheat. Figures subject to revision.

of living? Do you not think it is also a fact that when a country increases its standard of living its consumption of all commodities, including grains, must increase, and that with an increase in the standard of living the consumption of protein foods, mainly meats, is increased, and therefore the demand for grain is also increased? I think that we would have a hopeless state of affairs if we took the attitude that we cannot help these countries. We are going to let them go communist or something else if we do not assist them.

The WITNESS: I hope nothing that I said would indicate that I held that view. I was merely trying to explain the situation, and I think that the end result cannot be anything but satisfactory.

Mr. ARGUE: Hear, hear.

The WITNESS: But we may have to go through difficult periods in the meantime.

By Mr. Mang:

Q. Are there any figures available as to the total consumption of wheat in the world? Has it gone up latterly? The reason I ask that is because, in spite of the fact that we have had good crops all over the world, I notice that in the report it states that our Canadian sales have been above average. Is there a trend toward a higher consumption in the world?—A. Very definitely. If you go back to the position before the war, the total amount of wheat that entered into world trade—that is, wheat that is sent forward by countries of production to countries of consumption—was somewhere in the neighbourhood of 500 million to 600 million bushels. Now, as a result of the war situation and the deficiency of production in a great many importing countries, that figure went to somewhere between 900 million and a billion bushels. There has been a falling off this year from the high figure of last year owing to the facts that we have outlined in our report. I think that I should say here, Mr. Chairman, that it was obvious last fall that we were going to have a much more difficult selling problem than we had the previous fall, owing to the following factors: first, the increase in production which I have referred to in this report; secondly, the improved methods of production and harvesting. A very interesting point in that connection is that it is not so long ago that in a number of countries the policy that was followed would be to stack the grain after cutting it and harvest it during a period of months and putting it on the market over a period of months. In the old country, they used to refer to that as “curing” the grain, when it was put in the stacks. Now the implement companies, including our very energetic Massey-Harris Company, have sold many combines to these countries. They are even using combines in Switzerland on the very small farms that they have there. They have small combines adapted to those countries. The result is, when the new wheat comes on the market, a very similar situation to the one we had several years ago in this country. It carries a large proportion of moisture and every effort is made to get this wheat into the grist and used as soon as possible. That has the effect of cutting down the imports for that period of time. The second point that I think I should mention, which is exceedingly important and is mentioned here, is that most of these importing countries were carrying heavy reserve stocks. No doubt our heavy shipments of the previous several years contributed to those reserve stocks, but owing to the easing of the Korean situation the policy was to put those reserve stocks back again into the grist as soon as possible. That is another factor that had to be considered in relation to marketing of this year's wheat.

Q. In spite of the fact that there was this high production, consumption has gone up and actually we have not lost any markets in the overall picture, because our selling has been higher than normally?—A. If I might answer

that question, I do not think that we have lost any markets, but some countries, owing to the conditions that I mentioned, did not need to purchase the quantity of wheat they had purchased the previous year.

By Mr. Argue:

Q. In the sales outlook, where you have a normal crop as to grades, what do you find by experience are your usual sales for Canada? That is, in a year when there is not too much feed wheat, but when the grades are in the ordinary percentage, what are the total sales in Canada of wheat by the board?—A. In the Canadian market?

Q. Yes, in other words the factor in relation to export?—A. For human consumption, about 45 million, and for feed purposes about 10 million to 15 million. Is that right, Mr. Davidson?

Mr. DAVIDSON: I think that it would average about 20 million bushels.

Mr. ARGUE: Even with normal stocks of feed wheat?

Mr. DAVIDSON: Yes.

By Mr. Bryson:

Q. In connection with this question of reserve stocks, the British Ministry of Supply buys considerable quantities?—A. The British Ministry of Food.

Q. Those are almost depleted now, are they not?—A. We think so. There are no figures issued, and it is a state secret as to the amount that they have.

Q. I see.—A. But we can obtain the information from our London office. I would not like to say that it is a fact, but I can only pass on what we gathered in the way of information, that their reserve stocks of wheat will be largely turned over by the end of this month and any reserves beyond that will be flour. That is what we understand.

Mr. MACLEAN: Have you any figures on the per capita consumption of wheat products of all types in Canada for human consumption? Is it going up or down?

The WITNESS: Mr. Davidson, what is the per capita consumption in Canada for human consumption for grain, and how does it compare with previous years?

Mr. DAVIDSON: Close to 3 bushels per capita for human consumption, and generally the trend is downward in both the United States and Canada, whereas in other parts of the world it is probably upward.

Mr. HARKNESS: Too many people dieting?

The CHAIRMAN: Too much beef!

Mr. DAVIDSON: It is decreasing on this continent as compared with other areas, where the per capita consumption is increasing.

Mr. MACLEAN: Have you any breakdown of the exports for the six months shown in your report? For instance, what were the Canadian exports of wheat to Japan? Can you give us an example of the exports to various countries?

The WITNESS: Have you any figures on that, Mr. Davidson. He is referring to the figures in the supplementary report from August to January. We have the figures in the main report to the 31st July. I do not know whether you have the main report in front of you, Mr. MacLean, but the breakdown is given on page 4 for the 12-month period to the 31st July for all shipments of wheat and flour.

The CHAIRMAN: Japan is at the top of page 5.

The WITNESS: I did say the other day that we expect Japan will be our second largest buyer this present crop year.

By Mr. MacLean:

Q. In this connection do countries which import Canadian wheat process it and export it again to other countries to any extent?—A. No, it is very small now.

Q. I asked that because I believe that under the new Trade Agreement which the United Kingdom has signed with Japan one of the chief exports which Japan hopes to sell to the United Kingdom is cereals.—A. I cannot conceive of them selling wheat.

Q. They managed to, and are, exporting a lot of cereals to the United Kingdom?—A. I do not think that they are exporting anything of any substantial amount.

Mr. RIDDEL: There would be no exports from Japan back to this country. They are endeavouring to find flour markets in some of the islands in East Asia.

By Mr. MacLean:

Q. The cereals they hope to export to the United Kingdom would be some other kinds of grain?—A. I do not know what it would be. The reason they have been buying so much wheat and barley is to supplement their short stocks of rice.

Q. That was the information I had. It may not be correct.—A. I do not think it is right.

By Mr. Harkness:

Q. The sales picture here, the figures that are given along with the figures for exports and the Dominion Bureau of Statistics figures for disappearance do not completely jibe as far as I can see. I am not clear what the figures are. The unsold stocks for July 31, 1953, were 250 million bushels in round figures and the wheat turned over to 1953-54 pool was 148.6 million bushels. Subtracting the one from the other we get 101.5 million bushels which I take it would be the wheat which you sold from August 1 to January 30, 1954, during that six months period. Is that correct?—A. I am going to ask our statisticians to deal with that.

Mr. RIDDEL: Mr. Chairman, on page 12 it shows that from August 1, 1953, to January, 1954, completed sales applicable to the 1952-53 pool were 164,214,000 bushels. The completed sales during that period included 62,667,000 bushels which were shown as open sales at July 31, 1952. Deducting that amount and adding to it the 21,404,000 of open sales which we had at January 1954, gives you actual new sales during the period from August 1, 1953, to January 30, 1954, of 122,837,000.

Mr. HARKNESS: In other words you added this 21 million bushels of open sales to the 101 figure we had?

Mr. RIDDEL: That is approximately right.

Mr. HARKNESS: What was the date of these open sales which you had of 21 million bushels?

Mr. RIDDEL: January 31.

Mr. HARKNESS: You sold in addition to that 101 million bushels during the six months period?

Mr. RIDDEL: That is right.

Mr. HARKNESS: And the total is 122 million bushels sold. Now, you gave us during the same period exports of 138.3 million bushels which is considerably more than your total sales, and in addition to that, of course, there are your local sales. As a matter of fact, the Bureau of Statistics figures

of disappearance for that period, August to January, is 168 million bushels. What is the explanation of the discrepancy between the 122 million bushels you sold and the 168 million bushels disappearance?

Mr. RIDDEL: The complicated sales during the period, 164 million bushels, include both export and domestic sales. That is the figure that would go with the disappearance figure of 168 million we mentioned.

Mr. HARKNESS: As far as this 1952-53 pool is concerned you said you turned over 148 million bushels on January 30 to the new pool which means that your sales, apart from the 21 million which were open sales at that time, were 101 million, making your total sales 122 million as far as that pool is concerned. Now, were these exports and part of these sales out of the other crop?

Mr. DAVIDSON: Part of your answer is that the export figures include Ontario Winter Wheat which is not involved in our records.

Mr. HARKNESS: That is a comparatively small amount. The total produced is only 25 million bushels.

Mr. DAVIDSON: It might run 3 and 4 million over the period.

Mr. RIDDEL: With actual sales of 122 million plus open sales of July 31, 1953, of 62 million, it would bring it to 184 million less the 21 million of open sales as of January 31, and would account for disappearance of 165 million of both export and domestic.

Mr. HARKNESS: I am not quite clear on that. You said you had open sales at July 31st of 62 million but that still left your net unsold stocks at 250 million. You still turned over the 148 million bushels to the new pool in January of which you then had open sales of 21 million, so during that period your sales would still be just 122 million as far as I can see.

Mr. RIDDEL: Actual sales during that period, during the six months period—

Mr. HARKNESS: Were 122 million.

Mr. RIDDEL: Yes.

Mr. HARKNESS: Then as far as disappearance of 168 million is concerned that difference of 46 million is due to what?

Mr. RIDDEL: Largely the difference between the open sales position at July 31, 1953, and open sales position at January 30, 1954, 40 odd million bushels.

Mr. HARKNESS: None of this disappearance was new crop? All this 168 million bushels disappearance is out of the 1952-53 crop?

Mr. RIDDEL: Yes.

Mr. HARKNESS: None of the new crop was sold as of January 30?

Mr. RIDDEL: That is right.

By Mr. Argue:

Q. Mr. Chairman, we were told yesterday that there was not necessarily any great relationship between the amount of grain sold in the first six months of the crop year and the last. Sometimes it is more, sometimes it is less. Is there any reason to think that with regard to the sales in the last six months of the year that this picture may be changed very materially, or does it appear it may be about the same, or would you rather not comment on that? I wonder what we may be doing right now as far as sales are concerned?—A. I would rather not comment, Mr. Chairman, unless you press it.

Mr. ARGUE: No, I do not press it. I am going to endeavour to make a very short analysis of the figures as I have got them as far as sales and export position and domestic disappearance are concerned and the amount of grain farmers will keep ordinarily for seed on their farms.

The CHAIRMAN: Perhaps we should include items 4 and 5 together. That is part of the same picture. Let us discuss 4 and 5 together.

5. Board Sales of Wheat—1952-53 Pool

From August 1, 1952 to January 30, 1954 Board sales applicable to the 1952-53 Pool Account were as follows:

	Bushels
Domestic Sales	63,936,796.6
Export Sales at Class II Prices	177,516,735.8
Export Sales under terms of the International Wheat Agreement	248,071,731.3
Weight losses in transit and in drying and reconditioning	130,944.9
	<hr/> 489,656,208.6
Transfer to the 1953-54 Pool Account—Wheat	148,679,561.7
	<hr/> 638,335,770.3

As shown in the above table, domestic sales amounted to 63,936,796.6 bushels, while Class II sales were 177,516,735.8 bushels and sales under the terms of the International Wheat Agreement totalled 248,071,731.3 bushels.*

*Of a total of 248.1 million bushels of wheat and wheat for flour sold from the 1952-53 Pool for registration under terms of the International Wheat Agreement, 1.1 million bushels were registered under the Agreement for the crop year 1951-52, 207.1 million bushels for the crop year 1952-53 and 39.9 million bushels for the crop year 1953-54.

By Mr. Argue:

Q. Perhaps I can go on now. Item 5 is very small. There is one school of thought in regard to wheat sales that it is just a matter of getting average Canadian crops and the picture will be alright. There is another school of thought, perhaps more insignificant, that is very disturbed about the trend in sales and if the present situation continues whether if we did have ordinary crops we would be really getting rid of the surplus wheat we have, or even getting rid of the normal crops. Our average now is 25.7 million and average crops were 16.6 million bushels in past years. You cannot tell me that all of the science and all of the knowledge that farmers and agriculture have acquired over the last 30 or 40 years is not going to increase production of wheat. The average for the next 30 years is going to be higher.

Mr. GOUR (*Russell*): May I ask Mr. Argue if he knows the history of crops. One year there are no crops, and another year there is a big crop like in the last few years. There is the question of weather.

By Mr. Argue:

Q. I do not expect that the weather in the next 40 years would be different to the last, but man's knowledge will be much improved. A fair average year for wheat surely might be around 450 million bushels a year based on our present crop acreage. What I am saying is that agricultural science has just increased the average yield by one bushel and I think

it will do better than that. Our domestic consumption is around 65 million bushels. Farmers retain on the farm 65 to 70 million bushels for their own use and in Canada we used around 130 million bushels this crop year and that would leave 320 million bushels of wheat that we need to sell on the export markets of the world. If we do as well in the next six months the sales picture will be worse, but if we do as much in actual exports in the last six months we will export around 275 million bushels of wheat which would mean, even on the basis of an average Canadian crop our surplus is going to get bigger and bigger, and unless there is some other method to get rid of it, selling and disposing of our surplus wheat, this surplus is not something that average crops are going to cure within the foreseeable future. I would like this argument to be analyzed. I may be entirely wrong.—A. You were expressing that opinion and of course it may be that you are right, I do not know. But, I believe that the history of the marketing of grain in this country shows that over a period of time the surpluses that we raise in this country are eventually disposed of. Weather is the important contributing factor. Whether we get improved production methods will have some effect, but I am personally not going to endeavour to look into the future and try to determine what is going to happen because frankly I do not know.

Q. We were told yesterday by different witnesses that really the only trouble we have is we have had five crops in three and if we get back to average crops the picture will recover itself. The point I was making is if we get back to just average crops there is nothing in this report or in the statement I have heard to leave me to believe that the situation is likely to be rectified in the foreseeable future.

By Mr. Blackmore:

Q. Would not the normal question that comes to a person's mind be, so what? What would we do about it if that happened? Suppose that did happen?—A. I know this, that as a marketing board we are doing our best to market wheat to any country in the world that will buy it. There is another school of thought who have been expressing themselves volubly that this wheat should be dumped on the markets of the world irrespective of the consequences. I do not hold with that one.

Mr. ARGUE: Hear, Hear.

The WITNESS: I believe—and only time can prove it—that over a course of time these surpluses will be disposed of and we will experience lighter average crops. In 1937 Mr. Taggart who was then the minister of agriculture in the province of Saskatchewan and myself called on a number of bankers to get money for seed wheat and we were told by some people that Saskatchewan would never produce a big crop again, that it was finished.

By Mr. Mang:

Q. Is it true that international relations will have a good deal to do with markets?—A. Yes, I think so. There never was a period of time when the marketing of grain was complicated as it is today.

Mr. BLACKMORE: There is this possibility: it is quite conceivable that there is much validity in what Mr. Argue is probably foreseeing, but if that should be found to be true the probable conclusion would be that it would be wise for us to divert much of our soil to producing flax and other commodities which we might be able to store. Certainly I think that Mr. Argue has done wisely by pointing out the possible danger, but we always have to ask ourselves what shall we do in the case that those circumstances occur.

By Mr. Castleden:

Q. In regard to the figures here it shows your sales for six months of this crop year are down about 52 million bushels. Is that right. 138·3 as compared to 190·7 a year ago?—A. Yes.

Mr. HARKNESS: Those are not sales.

By Mr. Castleden:

Q. Yes, exports. How much are your total receipts of grain from farmers down this year as compared with last?—A. I can give you figures up until the 21st April of receipts and exports if you would be interested in those, from August 1. These are producers marketings by provinces: Wheat. Manitoba 26·8, Saskatchewan 164·7, Alberta 83·6; total 275·1. And for the previous year, 1952-53 in the same period for wheat, Manitoba 33·1, Saskatchewan 228·9, Alberta 98·9; total 360·9. Oats for the present crop year from August 1 to April 21st, Manitoba 12·6, Saskatchewan 31·8, Alberta 23·1; total 67·5. For the previous year for oats, Manitoba 14·1, Saskatchewan 31·2, Alberta 24·7; total 70 million. For barley, Manitoba 20·4, Saskatchewan 24·8, Alberta 25·9; total 79·1. For the previous year for barley, Manitoba 31·7, Saskatchewan 36·4, Alberta 44·4; total 112·5.

Q. Totalling those gives the figure I was after.—A. I will give you the exports of wheat, oats and barley. This is for the period August 1 to April 21: wheat and wheat flour 182·7; oats 53; barley 67·5. For the same period the previous year: wheat and wheat flour 243·9; oats 42·2; barley 76·3.

Mr. WESELAKE: What was the oats figure?

The WITNESS: 53 million as compared with 42·2.

The CHAIRMAN: In other words, the marketings for the same period are up by 135 million, and the exports are up by 52 million?

The WITNESS: No, they are down. The marketings are down and the exports are down. To give you the total figures of all grains the marketings in the three provinces are 427·7 of all grains as compared with 562·5 the previous year. The exports of all grains are 319·7 compared to 372 the previous year.

The CHAIRMAN: A difference of 52 million.

By Mr. Castleden:

Q. Farm deliveries are down about 134 million and the sales are down about 52 million?—A. Yes.

By Mr. Bryson:

Q. In connection with the export of wheat, previous to the six months period the Wheat Board has no accounting for seed wheat sold domestically or exported?—A. Certified seed wheat is not handled by the board. It is handled outside the board—registered and certified.

Q. Are there any figures available as to what that would be from any source?—A. I have not any, I am sorry.

Q. Possibly the Seed Registration Branch would have?—A. Yes. Probably the Seed Branch here in the Department of Agriculture would have it.

By Mr. Forgie:

Q. Would these 53 million bushels of export be attributed to the fact that countries are distributing their surplus in storage?—A. That combined with the fact that crops were better this year.

Q. We have no control over that?—A. No.

By Mr. Harkness:

Q. Mr. McIvor, during this six months period, August, 1953, to January, 1954, the disappearance was 168 million and sales only 122 million. That would appear to be a bad picture as far as sales are concerned during this six months period. In other words, it would appear that sales had dropped very much more than disappearances dropped and the sales dropped because it was previous sales which were being exported or were going into the domestic consumption. How long is it for this similar period, August to January, since there have been sales as low as 122 million?—A. It is not very long. We can get you the year. I think that the figures you should look at are the exports. It is quite true some of the sales were made prior to this period but when we come to the end of the year we may have substantial sales that will go out the next year that will not be reflected this year.

Q. I think that we have got to look at all the figures. These exports were against previous sales?—A. Which exports?

Q. The exports of 138 million.—A. We never said that they were against previous sales.

Q. They have to be because your total sales of exported and domestic were only 122 million for the same period?—A. On the 1st August, 1953, there were certain sales carried over which were fulfilled for a period beyond the 1st August, 1953, but there were very substantial sales made during the period August to January.

Q. 122 million. We established that a little while ago.—A. Yes. But, on the other hand there are sales open on our books at the end of January that would not be fulfilled until beyond that point.

Q. But, my whole point is that the sales picture is relatively not nearly as bright as the disappearance was.

By Mr. Argue:

Q. Is it not true that the quantity of open sales in every year at July 31st is a good deal larger than at the end of January.—A. That is normal because at the end of January you are dealing with a closed water position in the St. Lawrence.

Q. So that the fact that sales are less than exports in this report really is not a new factor, if you will look at the similar period a few years ago?—A. Mr. Harkness does not agree, but I think the figures we should look at are the exports figures. Once you get the sales you get into a variable thing that does not give a true picture.

By Mr. Harkness:

Q. You have got to look at them all. However, you have got figures that there were sales of 122 million or less during that six months period for other years.

The CHAIRMAN: Are there any other questions of Mr. McIvor, while his officials figure this out?

By Mr. Blackmore:

Q. I wonder if Mr. McIvor happens to have immediately available the figures for the carry-overs that were burdening us from 1929 on for about seven or eight years? We had a carry-over in 1929 which, I think, we all feared we never would dispose of.—A. Yes, we have the figures here, Mr. Blackmore. I have not them for 1929, but perhaps I could give them to you from 1930 on, if that would help?

Q. They were still troubling us in 1930.—A. This is net only. In 1930 the carry-over was 126 million; 1931, 138 million; 1932, 135 million; 1933, 217 million; 1934, 202 million; 1935, 213 million; 1936, 127 million; 1937, 36 million; 1938, 24 million; 1939, 102 million; 1940, 300 million; 1941, 480 million; 1942, 423 million; 1943, 594 million; 1944, 356 million; 1945, 258 million; 1946, 73 million; 1947, 86 million; 1948, 77 million; 1949, 102 million; 1950, 112 million; 1951, 189 million; 1952, 217 million; 1953, 369 million.

Q. Those figures serve to indicate that we have passed through times of worry.—A. In 1943, we had 594 million bushels of wheat on hand as compared with 369 million on July 31 last year.

Mr. MANG: In relation to the amount of wheat we grew in those years, our carry-over would be relatively higher than the record carry-over during these record crops?

The WITNESS: Absolutely.

Mr. MANG: Yes, very much.

Mr. ARGUE: The carry-over at the end of this crop year will likely be the second highest.

Mr. MANG: Not necessarily.

Mr. BLACKMORE: Even if it were, what would it indicate? I think personally that while it is fine to be critical, it is fine to be appreciative. As far as I am concerned, I think that the Wheat Board has done a magnificent job.

The CHAIRMAN: Hear, hear!

Mr. RIDDEL: We have not a record of the sales for the 6-month periods requested, but I can give you some figures covering the export clearances of the past few years. For the present season 1953-54, the export clearances of wheat and flour are shown as 138.3 million. For the 6-month period ending January 31, 1953, the total export clearances of wheat and flour were 190.7; for the 6-month period ending 31st January, 1952, the total was 154.8; for the 6-month period ending January 31, 1951, the total was 104.6 million; for the 6-month period ending January 31, 1950, the total was 119.3; for the six month ending January 31, 1949, the total was 101.5 million. So in the last six years our total of 138.3 million export clearances for the six months is greater than it was for the same periods ending in the three years 1949, 1950 and 1951.

Mr. CASTLEDEN: But the carry-over was less also.

Mr. HARKNESS: You have not the figures of sales?

Mr. RIDDEL: Not by periods.

Mr. HARKNESS: Have you no means of getting those?

Mr. RIDDEL: Yes.

The WITNESS: We can get them, Mr. Harkness, if you want to put our accountants to work. It is not that we do not want to give the information.

Mr. HARKNESS: I would be interested in getting it.

The WITNESS: I wonder if we can clear up this? How long would it take to get the sales figures, Mr. Davidson? We will have to get them from Winnipeg. It would probably take several weeks to get them out.

Mr. HARKNESS: I would not think that it would take very long, because one can pick them from this report quite readily, and I think you could pick them from previous reports just as readily. I picked them off in a few minutes myself from this report, and I think that you could do it from the previous reports.

The WITNESS: We will get them for you. We certainly do not want to be accused of not giving information to this committee, and we will get them for you.

The CHAIRMAN: Up to this date?

The WITNESS: For what period do you want them?

Mr. HARKNESS: Say, back over the last six of seven years.

The WITNESS: What year?

Mr. HARKNESS: Take from 1946 on.

Mr. WESELAKE: In this case you have a supplementary report. That is why these figures are so readily available.

The WITNESS: How long would it take to get those figures, Mr. Earl?

Mr. EARL: I would have to contact Winnipeg. It should not take too long.

The WITNESS: Will that be satisfactory?

Mr. HARKNESS: That will be satisfactory.

By Mr. Stanton:

Q. A question is in the minds of many customers in Ontario and in eastern Canada, I believe, regarding the buying of wheat from individuals in the west. So far it cannot be done. Would you care to make a statement on that? That question has been asked time and time again for several years now.—A. Over and over again we have said that if any producer in eastern Canada wished to purchase grain direct from the Wheat Board, we would make it available to him.

Q. It may be purchased through the Wheat Board?—A. Yes. As I said before to the previous committee, it will be necessary for him to make the arrangements for the shipping of the grain, as we deliver a warehouse receipt for the grain. It would be necessary for him to make arrangements for the collection of a freight subsidy, but if any producer wants to buy direct from the board, we would be very pleased to sell to him and we would be very pleased to outline the procedure.

Q. Or a co-operative?—A. Yes.

Mr. STANTON: Thank you.

The CHAIRMAN: Any more questions?

By Mr. Schneider:

Q. I do not know whether this question was raised when I was absent yesterday, but you may have discussed at that time the problem of storage. It seems to me that when you have abnormally good crops and they are a problem, they would become what you would call "distressed stocks". What about holding them? When the slave Joseph was the Wheat Board of Egypt, I believe that he held wheat for seven years—there were seven good years and seven bad years. Cannot we hold wheat longer by having better storage facilities? I noticed in the newspaper this morning some photographs of large wheat storage bins being built at Goderich, and my friend next to me, Mr. Yuill, has unoccupied storage for 165,000 bushels in his town in the west. What about the problem of storage, and what is being done about giving us more storage so as to cushion these excessive good crops? Do you not think that is the problem?—A. I can assure you that there has been no distress in the selling of this grain.

Q. To hear the talk, you would think that it is a calamity.—A. I did not say that.

Q. From hearing some of the members in the Commons, you would think it was a calamity instead of a blessing to have good crops. I think that maybe storage would level it out, and then we would not have a problem of carrying the stocks from one year to the other.—A. There are tremendous storage facilities in this country.

Q. How much of this is being used?—A. It is practically all being used.

Q. That is what I want to know. When the 1954 crop comes along, I understand that there is going to be a problem as to where we are going to put it.—A. We were asked that when the 1953 crop came along. The position is that there has been a huge quantity of grain delivered in spite of the difficult storage position in the west. Compared with normal production, it has been a very respectable showing. It is not as much as the previous year, but the quantities have been very substantial. The elevator companies have improved and increased their storage facilities. Some of the companies are undertaking programs now and we, of course, are very pleased to see any new storage that is built. We make an arrangement for the use of that storage. That is our job, and I would suggest perhaps that when the discussions are held next week with the Board of Grain Commissioners, they perhaps could give you more information with regard to the storage position than we can ourselves because they are the supervisors of the storage position in this country.

By Mr. Yuill:

Q. In our town of Barrhead, we have available at the moment 165,000-bushel capacity. The intention is to build two new elevators there this year. What effect will that have, locally, on their ability to market more wheat? Will that allow the farmers of that community an opportunity to market more grain than at the present time?—A. We have just increased the quota of Barrhead to 7 bushels, I think, last week.

Q. Would the erection of the two new elevators change that?—A. We consider every local situation, Mr. Yuill, in relation to storage at the point, but, as I said to the committee in a previous meeting, we are most anxious that we should be able to arrange for equality of deliveries throughout the west as far as it is possible.

Q. Relative to this general question about the advisability of storing this grain, we have a considerable amount of grain stored on the farms. Quite obviously the available storage facilities in Barrhead will be very large. Will there be any restrictions that will deny the farmer the right to market his grain there and store it, if necessary, for some time, or will he be reckoned just on a basis of the normal quota of 6 or 7 bushels, as the case may be?—A. The position today generally throughout western Canada is that there is no surplus space. There may be some odd points, but I am speaking in general terms.

Q. It would not affect, in any way, shape or form, their right to market up or down?—A. We examine every point, and we try to arrange to get some equality of deliveries. There are a great many points in the province of Saskatchewan where the producer has not been able to deliver his 5 bushels. Barrhead has been raised to 7, and your point is on the most favourable position of any point in the highest category in western Canada in regard to deliveries. I think that is as far as I can go today.

Q. The only point I want to establish is this. Owing to the fact that they are to build two extra elevators—I do not know why they are doing it other than to aid the farmer—but it would give us 300,000 bushels capacity available this fall, providing that everything stays as is at the moment. Will that mean that the quotas will be increased there, because we are in this unhappy position, that these are not readily accessible to other districts, and so it creates a problem from the local point of view?—A. The only thing I can say is that we will deal with the situation when we come to it, and I can assure you that we will deal with it fairly.

MR. POMMER: With navigation open, and anticipated sales, our position should be relatively as good when the 1954 crop comes in as it was in 1953 from the producers' delivery standpoint?

The WITNESS: The position is that as at the 21st of April the country elevator stocks were 246.3 million bushels in the three provinces as compared with 205.1 million last year. So we are 40 million bushels worse off as far as stocks are concerned.

Mr. CASTLEDEN: The inference was made here today, or statements have been made, to the effect that a big crop was a calamity. I do not think that that is the case at all. The farmer who is in a difficult position is the farmer who probably got a 30 bushel per acre crop last year and to date has not been able to deliver 10 bushels. He is the one who is finding it difficult to finance, because of his high cost of operation. He is in a very difficult position. They are not blaming the Wheat Board. I would say that the holding of the price level, for the grain that is sold by the board method has been of tremendous benefit so far, and the producers are very appreciative of the service. They shudder to think what the situation would have been if we had been under the old open market set-up.

The other difficulty that the farmer has in Saskatchewan is to understand why the facilities of the Saskatchewan Wheat Pool have not been used to a greater extent. The Wheat Pool in Saskatchewan handled last year about 214 million bushels of wheat. As a result of that handling, they have been able to return to the pool members who delivered an average of about 3 cents per bushel as a patronage dividend. If their full facilities had been used, they could have handled over 300 million bushels, and out of the extra amount that they could have handled the profits that would have been payable to each of the individual pool members, would have been about $4\frac{1}{2}$ cents per bushel. So the difference in the handling has meant a loss to the pool farmers of a total of about 8 million. They are not critical of the Wheat Board; they are supporting it and appreciative of it. But they would like to see equitable distribution and as much of the Wheat Pool facilities used as possible by their own members.

The CHAIRMAN: I did not want to interrupt Mr. Castleden, but I think that we agreed last time that it comes back to the allocation of box cars, and we will go into that when the controller comes before us next week. I think we might as well leave it until we go into the question properly.

Mr. BLACKMORE: When I said a few minutes ago that I thought the Wheat Board had done a magnificent job, I did not mean by that that I expressed approval of the way the government has managed the wheat situation in the west this year.

Mr. ARGUE: There is a limit to that.

Mr. BLACKMORE: Under the conditions that now prevail, what the government has done in making farmers provide storage at their own expense and then hold the grain with no reward whatsoever, and in preventing them from receiving the money that they have already earned 18 months ago, is simply an outrage which cannot be expressed. I just wanted to make that quite clear.

The WITNESS: I am afraid that I have not any answer to that, Mr. Blackmore.

Mr. BLACKMORE: It has nothing to do with you.

The WITNESS: I am glad to see that Mr. Castleden was not blaming the Wheat Board for the present situation in Saskatchewan. I cannot overlook telling a little story. I was assistant to Mr. John McFarland for 5 years. He came into my office one day and placed a clipping from a newspaper on my desk. I looked at this clipping and it said that a woman in Bulgaria

had given birth to quadruplets. I looked on the other side and there was nothing very important on that, and I said, "What is this all about?" He said, "There is the only thing in the last five years that I have not been blamed for."

The CHAIRMAN: We go to No. 6.

Mr. HARKNESS: First, there is some information I would like to get in regard to this matter of the total amount of wheat on hand. According to the Bureau of Statistics, on April 1 the visible supply, which, I understand, means wheat in commercial positions, was 358 million bushels. The estimated amount on farms on the same date, March 31, was 383 million, making a total of 741 million bushels. The thing that I am not clear on is whether that is the total estimated amount on farms, including seed, and what is to be used for feeding purposes and so on; or is that the amount which it is estimated farmers are going to deliver or want to deliver?

The WITNESS: I think it is the total amount, is it not, Mr. Davidson?

Mr. DAVIDSON: Yes, I was checking with the Dominion Bureau of Statistics yesterday on this. That is the complete farming stock of wheat and other grains. It includes the wheat that will be used for seed in 1954 seeding. It includes all the grain that will be fed to livestock and so on, as well as the balance of the grain.

Mr. HARKNESS: From this 741 million you have to subtract the seed requirements and the requirements for feed, which would be approximately 45 million to 50 million bushels for the balance of the year?

Mr. DAVIDSON: And normal farm carry-overs too. There is about 25 million bushels of wheat left over as of July 31.

Mr. HARKNESS: But in order to get at the amount of wheat available for sale, that farmers will likely want to sell, you subtract from the 741 million the seed requirements which you had, approximately 30 million, plus the amount they are likely to require for feed for the balance of the year, which may run up to 45 million or 50 million?

By Mr. Bryson:

Q. Could Mr. McIvor answer this? Could you tell me what the board price in store at Churchill was for the year 1952-53?—A. My recollection is that the board price in Churchill ranged about 8 to 10 cents over the Fort William basis.

Q. It is 9 cents now?—A. In regard to Churchill, there are certain savings in respect to shipments through that port, but sometimes you have to sell the wheat; you have to interest people in shipping out of that port and you cannot obtain the full difference. You have to give them some inducement to send ships in there, but it ran last year about 8 to 10 cents over.

Q. Mr. Robbins made a statement that buyers of wheat at the port of Churchill buy that wheat at 7½ cents a bushel under the Fort William price?—A. Who makes that statement?

Q. Mr. Robbins.—A. Our Mr. Robbins?

Q. Yes. Just how does he account for that, in taking into consideration the ocean freight?—A. I think that he is referring to the delivered price overseas, is he not? He must be referring to the delivered price overseas. That is the only explanation I have to offer. I have not seen the statement, so I do not know just what he said or how he said it, but that is the only thing I can think of.

The CHAIRMAN: No. 6.

6. Transfer of Unsold Stocks

Under provisions of Section 29 of The Canadian Wheat Board Act, the 1952-53 Pool was closed on January 30, 1954. As at that date unsold stocks of wheat and priced open sales contracts remaining in the 1952-53 Pool were transferred to the 1953-54 Pool by authority of Order in Council P.C. 1954-293, March 4, 1954.

The following table shows the principal grades of wheat (including priced open sales contracts) transferred to the 1953-54 Pool as at January 30, 1954:

Grades (including Toughs and Damps)	Total Bushels
No. 1 Northern	8,835,075·6
No. 2 Northern	81,473,316·9
No. 3 Northern	23,864,082·5
No. 4 Northern	8,733,077·9
No. 5 Wheat	10,490,950·8
No. 6 Wheat	7,974,379·8
Feed Wheat	1,650,210·3
Other Grades	5,658,467·9
TOTAL	148,679,561·7

Total stocks of wheat transferred from the 1952-53 Pool to the 1953-54 Pool amounted to 148,679,561·7 bushels. Of these stocks, 21,404,291·1 bushels were committed to buyers under priced open sales contracts and were transferred to the 1953-54 Pool at contract prices. The remaining 127,275,270·6 bushels of unsold stocks were transferred to the 1953-54 Pool at current market prices less an allowance of 8 cents per bushel for market risk and for carrying charges subsequent to the transfer. The net price at which unsold stocks were transferred to the new Pool was \$1.80 per bushel, basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver. With minor exceptions, grades of wheat against which the Board held priced open sales contracts were transferred at a slightly higher price than \$1.80 per bushel basis No. 1 Northern in store Fort William/Port Arthur or Vancouver. The transfer price for No. 1 Northern was \$1.82519 per bushel, basis in store Fort William/Port Arthur or Vancouver, inclusive of unsold stocks and priced open sales contracts.

By Mr. Harkness:

Q. In connection with this transfer of unsold stocks, I got a return on March 16 showing the breakdown of all the grades of which you have a rough breakdown at the top of the page, and also the prices that were credited to the 1952-53 pool for each grade. Now, you have the amount of No. 1 Northern, No. 2 Northern, and so forth. No. 2 Northern is shown there as 81,473,000 bushels. The return that I have is No. 2, 79,033,000. Then, of course, it goes on for several pages and it has rejected No. 2 Alberta winter wheat, smutty rejected No. 2, rotten kernels No. 5, and so forth. What is the situation in regard to this wheat? For example, there is one, rejected No. 6 wheat mixed rotten kernels, which was taken at \$1.45 a bushel. Is there any sale for that? What can wheat of that kind be used for?—A. Yes, in valuing these stocks we get our salesmen in and find out what they expect they can sell this at. That is the basis of valuation.

Q. What use is there for wheat of that kind, rejected No. 6 wheat mixed rotten kernels?—A. It mostly goes into feed.

Q. And these that are rejected smutty?—A. Usually the smutty wheats are washed.

Mr. RIDDEL: A lot are used for feed too.

By Mr. Harkness:

Q. I would never feed any myself.—A. If somebody grows them we have got to sell them.

Q. It would seem to me that the price on some of these rejected wheats for rotten kernels and smutty and various other things, the price for them seems to be almost the same as the price for the regular grain?—A. I can assure you that there is a lot of time spent on that inventory and it is gone over over and over again, and those are the valuations placed on the inventory as being the saleable price.

By Mr. Mang:

Q. That grade of wheat would be sold on sample. The buyer would come and say what it is worth and you would take that price?—A. We have one man who confines himself mainly to dealing with that type of wheat.

Q. There might be a loss on some of those?—A. Or a profit. We call him in and he goes over all the grades and tells us what he thinks they can be sold at. We accept his word because he is an expert on that type of thing.

By Mr. Harkness:

In view of the prices now as compared with January 30th there will undoubtedly be, I suppose, a loss on all these various rejected grades?—A. I do not think so. On January 30 we took an 8 cent per bushel discount for market risk and carrying charges and tried to value the inventory as conservatively as we could.

Q. Does this price that is given in this return, for example, No. 1 Manitoba Northern, which was 1.82519 per bushel include the 8 cents, or is the 8 cents taken off that?—A. No. That is the net price.

Q. So you figured it on a price of 1.90 and cut 8 cents off?—A. We figured the price and took 8 cents off for market risk and for carrying charges.

Q. You have then got a 12 cent loss?—A. What is your differential? The base price?

Q. Yes.—A. We sold wheat since the 30th January.

Q. On the wheat you have sold there would be a 12 cent loss?—A. Providing we are not able to sell it at better than discount and price.

Q. I think that is quibbling to some extent?—A. Perhaps the two of us are quibbling.

Q. I am not quibbling. I am trying to arrive at what the situation is in regard to these prices. It seems apparent that the price is down 12 cents to the price you took over at and, therefore, there must be a considerable loss to the new pool. I wonder whether this method of valuing these, particularly in a period of falling prices, is the method which should be followed?—A. Well, I think over the years that it has worked very well. In other years in discussing this in the committee you might have been suggesting to me that the new pool had made money as a result of that. That is a risk we have to take, and I think we perform our duty when we take the going price and allow what is fair for carrying charges and normal risks. I think that is as far as we can go as a Board.

Q. The point I am getting at is the same as in any form of merchandising the methods you follow in valuing stocks differ as to whether you are on a rising market or a falling market?—A. I think that anybody in the grain business would say that the board followed conservative methods in their valuation of stocks.

By Mr. Argue:

Q. In valuing these low grade stocks in the present market situation is it not a fact that the relative demand for some of this poor wheat is better than the demand for some of the very best wheat?—A. That is right. We sold just the other day a full cargo of these.

Q. If you can sell the grain very readily it can hardly be over valued?

By Mr. Bryson:

Q. Have you had the problem that you have had to accept shipments of grain that have been treated with these mercury dust preparations?—A. I have not heard of it.

Q. I understood that there was some problem?—A. That question might be asked of the Board of Grain Commissioners.

The CHAIRMAN: We were on six. Seven is the pool account which is the summary of what we have seen.

7. 1952-53 Pool Account—Wheat

The following table shows the operating results of the 1952-53 Pool Account from August 1, 1952 to the closing date of the Pool on January 30, 1954:

1. Wheat acquired by the Board:	Bushels	
(a) Producers' deliveries, August 1, 1952 to July 31, 1953	533,016,978.9	
(b) Purchases from 1951-52 Pool Account—Wheat	103,208,409.5	
(c) Wheat otherwise acquired ¹	2,110,381.9	
Total wheat acquired	638,335,770.3	
	(Value)	(Value)
2. Cost of wheat acquired		\$ 988,407,360.80
3. Proceeds of Sales—August 1, 1952 to January 30, 1954	\$884,100,320.61	
Sales value of stocks transferred to 1953-54 Pool Account as at January 30, 1954 ²	257,401,782.75	1,141,502,103.36
		153,094,742.56
4. Add: Carrying charges recovered		12,208,603.64
5. Gross surplus as at January 30, 1954 ...		165,303,346.20

¹Net bushels acquired from the adjustment of overages and shortages, etc. at country and terminal elevators at Board initial prices, basis in store Fort William/Port Arthur or Vancouver.

²For details of transfer see Page 2.

6. Operating costs—August 1, 1952 to January 30, 1954:

(a) Carrying charges, including terminal storage	34,603,364.52	
(b) Net interest, and exchange and bank charges		5,753,886.48
(c) Additional freight (net)	(109,947.20)	
(d) Handling, stop-off and diversion charges	727,454.77	
(e) Grade adjustments, drying and reconditioning charges, etc.	(962,903.13)	
(f) Administrative and general expenses	1,960,881.46	41,972,736.90
		<hr/>

7. Surplus in the 1952-53 Pool Account as at January 30, 1954 \$ 123,330,609.30

Does that dispose of six and seven? Agreed. We will go on to 8.

8. *Comments on the 1952-53 Pool Account—Wheat*

1. Operating Costs

From August 1, 1952 to January 30, 1954 the Board's operating costs were \$41,972,736.90. Against these costs the Board recovered a net total of \$12,208,603.64 in the form of a six-cent per bushel carrying charge added to the Board's International Wheat Agreement sales prices from August 1, 1952 to July 31, 1953, and to its domestic sales prices from August 1, 1952 to May 19, 1953.

2. Carrying Charges

Total carrying charges incurred by the Board amounted to \$34,603,364.52. This amount included carrying charges of \$24,255,945.51 on wheat stored in country elevators and \$10,347,419.01 for storage in terminal elevators.

3. Net Interest, and Exchange and Bank Charges

Net interest, and exchange and bank charges paid by the Board were \$5,753,886.48.

4. Additional Freight (Net)

The Board earned a net credit of \$109,947.20 in its additional freight account. This item is comprised of a credit of \$188,275.79 in freight savings on wheat shipped to Churchill, less additional freight and other items amounting to \$78,328.59. The latter item consists principally of the cost incurred in the movement of low grade wheat from Alberta to Fort William/Port Arthur.

5. Handling, Stop-off and Diversion Charges

In shipping wheat to interior and other terminals for storage and in diverting wheat for shipment to Churchill and Prince Rupert the Board incurred charges amounting to \$727,454.77.

6. *Grade Adjustments, Drying and Reconditioning Charges, etc.*

Grade Adjustments, after allowing for drying and reconditioning costs, produced a net credit of \$962,903.13.

7. *Administrative and General Expenses*

Administrative and general expenses of the Board applicable to the 1952-53 Pool Account amounted to \$1,960,881.46, or .366 cent per bushel on handlings of 535,127,360.8 bushels.

By Mr. Harkness:

Q. There is one point there. You state that the net price at which unsold stocks were sold was 1.80 per bushel. This return shows the net price was 182.51.

Mr. RIDDEL: The price at which the unsold stocks were transferred was \$1.80 per bushel for No. 1 Northern. Then we arrived at a composite price based on the unsold quantity calculated at \$1.80 and the quantity of No. 1 Northern which appeared in our open sales at the price at which it had been sold.

By Mr. Castleden:

Q. With respect to these sales, a drop of 52 million, is that loss in your export sales or wheat under the agreement?—A. I think it is both.

Q. About the same in both?—A. I would not know without looking at the figures, but I know there is a loss in both markets.

Mr. ARGUE: I asked a question yesterday and was told I could get it at about this point. It is: with respect to the cost of storage charges as compared to the handling charges, that is taking the elevator system as a whole, what amount of money, or what revenue do they derive from the handling charges?

Mr. EARL: Could I refer you to exhibit one in the supplementary report which states: deduct carrying charges and so on. You have carrying charges on wheat stored in country elevators and storage on wheat stored in terminal elevators.

By Mr. Argue:

Q. Where is the figure for handling charges?—A. Are you referring now to the handling charge that is paid by the producer when he delivers his wheat?

Q. Yes.—A. That is just taken off by the agent at the point. That is not in our accounts.

Q. What is an approximate figure for the storage of a bushel of wheat during this period? Do the elevator companies get approximately 6 cents a bushel for the average quantity of wheat they have on hand, or what?

Mr. RIDDEL: The rate is $\frac{1}{35}$ of a cent on a bushel per day paid to the elevator companies for the storage of the wheat.

The WITNESS: With a turnover of wheat in the country elevators, do you mean what would be the equated charge?

By Mr. Argue:

Q. Yes. The handling charge is what?—A. $4\frac{1}{2}$.

Q. An elevator company derives income revenue of $4\frac{1}{2}$ cents as a handling charge?

Mr. RIDDEL: Yes, the cost of storing a bushel of wheat for one year would be slightly over 10 cents a bushel. If the elevator company was utilizing its capacity to 80 per cent of its total, it would be allowing roughly 8 cents per bushel on each bushel handled in relation to its total capacity.

By Mr. Argue:

Q. Two thirds approximately of the revenue of the elevator companies ordinarily now would be expected to come from this storage collection?

Mr. RIDDEL: Yes.

Mr. ARGUE: In other words, according to the tables you have given us this morning in the relative handling of the different elevator systems even the elevator that is least popular so far as handlings are concerned is likely to make the two thirds profit as long as it has its elevators full.

Mr. RIDDEL: With the turnover of stocks, the equated earnings would work out less than that. For example, if an elevator had a capacity of 40,000 bushels and handled in the year 120,000 then it would really be receiving storage for a full year on one third of its total handling provided the facilities were kept filled all year.

Mr. ARGUE: What is the average turnover?

Mr. RIDDEL: For last year actual marketing through country elevators, were 844 million bushels and the capacity of country elevators, effective capacity, would be somewhat under 300 million bushels, so that the turnover in 1952-53 would be about 3 times the capacity.

Mr. ARGUE: So that the majority of the revenue above—

Mr. RIDDEL: In other words, from its handlings during the year it would collect handling charges on 3 bushels which would be about 12½ cents and storage on one bushel which would be 10 cents. In effect, the revenue from handling would be slightly greater than the storage revenue.

Mr. ARGUE: Because an elevator company can get 12 cents for handling as compared to 10 cents from storage, that is the reason that they are very anxious to get the boxcars because of the importance of the handling charges as a means of revenue?

Mr. RIDDEL: Yes.

The CHAIRMAN: It does not necessarily follow that that is the only reason they want boxcars, to handle grain.

Mr. ARGUE: It is to make money.

By Mr. Mang:

Q. That total charge per bushel there would be gross?

Mr. RIDDEL: Yes.

Mr. MANG: They have to pay their expenses I suppose out of that?

Mr. RIDDEL: All operating expenses, depreciation and insurance and taxes.

The CHAIRMAN: Are we on page 4?

Mr. BRYSON: Could we have the diversion charges to Churchill on this item 5, page 4?

The CHAIRMAN: Subsection 5 of section 8.

Mr. EARL: The money value of those charges?

Mr. BRYSON: Yes.

Mr. EARL: \$186,161.92.

The CHAIRMAN: Is there anything else on page 4? We will go on to page 5. As a matter of fact up to page 7. It is all part of the same picture.

9. Surplus for Distribution to Producers

In September 1953, the Board gave consideration to the financial position of the 1952-53 Pool Account. Owing to the volume of unsold stocks of wheat at that time, the Board was of the opinion that the provisions of Section 29 of

the Act should not be utilized to close the 1952-53 Pool by transferring unsold stocks to the 1953-54 Pool. It was the view of the Board that it would be very difficult to arrive at a price basis for such a transfer and that the closing of the 1952-53 Pool under the provisions of Section 29 of the Act should therefore be deferred. At the same time, it was the opinion of the Board that the financial position of the 1952-53 Pool Account was such that an interim distribution of funds could be made to producers who had delivered wheat to the Pool. The Board, therefore, recommended and the Governor in Council approved and directed, in accordance with Section 26 (3) of the Act, that an interim payment of 12c per bushel on all grades of wheat delivered to the 1952-53 Pool be made. This interim payment which involved the distribution of \$63,962,036.83, was approved by Order in Council P.C. 1953-1479, September 24, 1953.

The surplus in the 1952-53 Pool Account as at the closing date, January 30, 1954 was \$123,330,609.30 before providing for the interim payment made to producers during the autumn months of 1953. After allowance for the interim payment, the Prairie Farm Assistance Act levy and the cost of issuing the final payment, and after adding estimated interest earnings subsequent to January 30, 1954, the final surplus for distribution to producers was \$58,282,-438.38, as shown in the following table:

Surplus as at January 30, 1954		\$123,330,609.30
Deduct: 12c per bushel Interim Payment		63,962,036.83
		<hr/> 59,368,572.47
Deduct: Prairie Farm Assistance Act levy	\$1,234,792.68	
Cost of issuing final payment	168,509.10	1,403,301.78
		<hr/> 57,965,270.69
Add: Estimated additional interest accruing from January 30, 1954 to date of distribution ..		317,167.69
		<hr/>
Surplus for final distribution to producers		\$ 58,282,438.38

The final distribution of surplus funds in the 1952-53 Pool was authorized by Order in Council P.C. 1954-294, March 4, 1954. On producers' deliveries of 533,016,978.9 bushels, the final payment averaged 10.93444c per bushel.

10. Realized Prices

RED SPRING WHEAT GRADES

The following table shows (basis in store Fort William-Port Arthur or Vancouver) initial payments, adjustment payments, interim payments, final payments and total final prices realized by producers for the principal grades of red spring wheat delivered to the Board for 1952-53 Pool Account, after deducting net operating costs, including carrying charges, grade adjustments and administrative expenses:

	Initial* Payment	Adjustment* Payment	Interim* Payment	Final* Payment	Realized* Price
	(dollars per bushel)				
No. 1 Northern	1.40	.20	.12	.09872	1.81872
No. 2 Northern	1.37	.20	.12	.10185	1.79185
No. 3 Northern	1.34	.20	.12	.10567	1.76567
No. 4 Northern	1.26	.20	.12	.13711	1.71711
No. 5 Wheat	1.16	.20	.12	.09507	1.57507
No. 6 Wheat	1.06	.20	.12	.14664	1.52664
Feed Wheat	1.00	.20	.12	.14948	1.46948

AMBER DURUM GRADES

Throughout the 1952-53 Pool period there was an excellent demand for milling grades of Amber Durum Wheat, particularly in European markets. As a result of relatively strong demand for the limited supplies of these grades entering into international trade during the Pool period, the Board was able to dispose of milling grades of Durum Wheat at a premium over corresponding Northern grades of wheat. The following table shows Board payments to producers (basis in store Fort William-Port Arthur or Vancouver), and final prices realized by producers for the principal grades of Amber Durum Wheat delivered to the Board for 1952-53 Pool Account after deducting net operating costs:

	Initial* Payment	Adjustment* Payment	Interim* Payment	Final* Payment	Realized* Price
	(dollars per bushel)				
No. 1 Amber Durum	1.40	.25	.12	.46330	2.23330
No. 2 Amber Durum	1.37	.25	.12	.48073	2.22073
No. 3 Amber Durum	1.30	.25	.12	.54309	2.21309
No. 4 Amber Durum	1.26	.25	.12	.52763	2.15763

*Prices and payments prior to deduction for Prairie Farm Assistance Act levy.

11. Board Selling Prices—1952-53 Pool

The following table shows Board quotations for sales of wheat under the terms of the first and the revised International Wheat Agreements and for sales of Class II Wheat, by months, from August 1, 1952 to January 30, 1954 (basis No. 1 Northern Wheat in store Fort William/Port Arthur or Vancouver):

	International Wheat Agreement Price ¹ (cents per bushel)			Class II Price ² (cents per bushel)		
	High	Low	Average	High	Low	Average
August, 1952.....	173 ³ / ₈	172 ³ / ₈	173	218 ³ / ₈	214	216 ³ / ₈
September.....	172 ³ / ₈	172 ³ / ₈	172 ³ / ₈	220 ³ / ₈	214 ³ / ₈	218 ³ / ₈
October.....	174 ³ / ₈	172 ³ / ₈	173 ³ / ₈	225	218 ³ / ₈	221 ³ / ₈
November.....	177 ³ / ₈	173 ³ / ₈	175 ³ / ₈	213 ³ / ₈	224 ¹ / ₈	227 ³ / ₈
December.....	175 ¹ / ₂	174 ¹ / ₈	174 ³ / ₈	224 ³ / ₈	219 ³ / ₈	221 ³ / ₈
January, 1953.....	175	174	174 ¹ / ₈	220 ³ / ₈	215 ³ / ₈	218 ³ / ₈
February.....	177 ³ / ₈	175 ³ / ₈	175 ³ / ₈	220 ³ / ₈	216 ³ / ₈	218 ³ / ₈
March.....	177 ³ / ₈	176 ³ / ₈	177	221 ³ / ₈	217 ³ / ₈	219 ³ / ₈
April.....	177 ³ / ₈	176 ³ / ₈	177	217 ³ / ₈	211 ³ / ₈	215
May.....	179 ³ / ₈	177 ³ / ₈	179	214 ³ / ₈	208 ³ / ₈	211 ³ / ₈
June.....	179 ³ / ₈	178 ³ / ₈	179	211 ¹ / ₈	198	205 ³ / ₈
July (first IWA).....	179	178 ¹ / ₈	178 ¹ / ₈	210	199 ³ / ₈	204 ³ / ₈
July (revised IWA).....	203 ³ / ₈	200	202 ³ / ₈	....	....	....
August.....	203	194	201 ³ / ₈	207	194	202 ³ / ₈
September.....	202 ³ / ₈	196 ³ / ₈	200 ³ / ₈	203 ³ / ₈	196 ³ / ₈	200 ³ / ₈
October.....	198	191	195 ³ / ₈	198	191 ³ / ₈	195 ³ / ₈
November.....	191 ³ / ₈	187 ³ / ₈	190	191 ³ / ₈	187 ³ / ₈	190
December.....	189	188	188 ¹ / ₈	189	188	188 ¹ / ₈
January, 1954.....	189	188	188 ³ / ₈	189	188	188 ³ / ₈

Under the terms of the revised International Wheat Agreement a maximum price of \$2.05 (United States funds) per bushel was established for No. 1 Northern Wheat (basis in store Fort William/Port Arthur) sold for registration in 1953-54. In July, 1953 the Board began quoting prices for wheat to be registered under the revised Agreement. From July 9 to September 2 Board quotations fluctuated at various times at and below the revised Agreement maximum in terms of Canadian currency. Thereafter quotations for Agreement wheat gradually declined to an average of \$1.88¹/₂ per bushel in the final month of the Pool.

During the period August 1, 1953 to January 30, 1954 Board price discounts on milling grades of wheat below No. 1 Northern were widened. On January 29, 1954 the spreads on No. 2 Northern, No. 3 Northern and No. 4 Northern below No. 1 Northern were 4c, 8c and 13c per bushel respectively, as compared with 2c, 4c and 8c per bushel for the same grades on August 4, 1953.

At the beginning of the crop year 1953-54 Board quotations for Class II Wheat were at a slightly higher level than quotations for registration under the revised International Wheat Agreement. By early September, however, Class II prices were lowered to the level of the Board's International Wheat Agreement prices, and continued at that level for the remainder of the Pool period.

From August 1, 1953 to January 30, 1954 the Board sold wheat (except Amber Durum Wheat) for domestic purposes at the same prices at which it sold wheat under the terms of the revised International Wheat Agreement. By

¹ Not including the six-cent per bushel carrying charge which was added to the price of all wheat sold for registration under the first International Wheat Agreement for the crop year ended July 31, 1953.

² The Board's International Wheat Agreement and Class II selling prices for wheat grading No. 5 and lower were on the same basis from August 1, 1952 to January 30, 1954.

authority of P.C. 1953-1478, September 24, 1953 the Board's selling prices for Amber Durum Wheat for domestic purposes were raised, as at that date, by ten cents per bushel above the prices at which it sold Amber Durum Wheat under the terms of the revised International Wheat Agreement.

12. Statement of Operations and Auditors' Report

Exhibit I following herewith is the final Statement of Operations for the 1952-53 Pool Account—Wheat, covering the period from August 1, 1952 to January 30, 1954. This statement is followed by the Auditors' Report.

All of which is respectfully submitted,

GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

W. RIDDEL,
Commissioner

W. E. ROBERTSON,
Commissioner

THE CANADIAN WHEAT BOARD

1952-53 Pool Account—WHEAT

STATEMENT OF OPERATIONS

FOR THE PERIOD 1ST AUGUST 1952 TO 30TH JANUARY 1954

	BUSHELS	AMOUNT
Wheat acquired:		
Purchased from Producers at Board initial prices basis in store		
Fort William/Port Arthur or Vancouver.....	533,016,978.9	\$ 818,255,991.92
Net bushels acquired from the adjustment of overages and short-		
ages, etc., at country and terminal elevators at Board prices basis		
in store Fort William/Port Arthur or Vancouver.....	2,110,381.9	2,954,796.96
Purchased from 1951-52 Pool Account—Wheat.....	103,208,409.5	167,196,571.92
		\$ 988,407,360.80
Wheat sold:		
Completed sales at realized prices basis in store Fort William/Port		
Arthur or Vancouver:		
Domestic.....	63,936,796.6	
Export sales at Class II prices.....	177,516,735.8	
Export sales under the terms of the International Wheat Agreement	248,071,731.3	
Sales to the 1952-54 Pool Account—Wheat.....	148,679,561.7	
Weight losses in transit and in drying and reconditioning.....	130,944.9	
	638,335,770.3	\$ 1,141,502,103.36
Add: Carrying charges recovered.....		12,208,603.64
		\$ 1,153,710,707.00
Net proceeds from sales.....		165,303,346.20
Surplus on wheat transactions.....		
Deduct: Carrying costs, interest, administrative and general ex-		
penses, etc: (Including provision for expenses to 30th		
January 1954)		
Carrying charges:		
Carrying charges on wheat stored in country elevators.....	24,255,945.51	
Storage on wheat stored in terminal elevators.....	10,347,419.01	
		34,603,364.52
Net interest, and exchange and bank charges.....		5,753,886.48
Net additional freight on wheat shipped from country		
stations to terminal positions.....	(109,947.20)	
Handling, stop-off and diversion charges on wheat ware-		
housed at interior terminals.....		797,454.77
Grade adjustments, drying and recondition charges, etc.....		962,903.13
Administrative and general expenses to 30th January 1954.....		1,900,881.46
		41,972,736.90
Surplus on operations of the Board on the 1952-53 Pool Account—Wheat,		
for the period 1st August 1952 to 30th January 1954.....		\$ 123,330,609.30

This is the Statement of Operations which is referred to in our report of this date attached hereto.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Winnipeg, Manitoba,
31st March, 1954.

W. E. ROBERTSON,
Commissioner

W. RIDDEL,
Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

GEO. McIVOR,
Chief Commissioner

By Mr. Argue:

Q. Just a second before you go to that. There were a number of questions yesterday regarding the market for malting barley and so forth and Mr. McIvor said he was not in a position to recommend that producers might increase their acreage to malting barley. The Durum market has been so good, and I take it is so good, would it not be a good thing if farmers were to some extent to increase their acreage to Durum? Is this still a pretty risky market?—A. I consider that there is a good deal of risk in it. We were helped this past year by the fact that the American Durum crop was very poor that they did not have enough to take care of their own needs and we did not have to meet them in the export market. In spite of that we were just able to get rid of our Durum. Unfortunately we have competition in Durums from North Africa and Russia has sold some Durums and Turkey and Syria. I do not think the quality is as good there, but nevertheless they are competitors, and I would not advocate a substantial increase in Durum production.

Mr. ARGUE: The main reason for the reduction in American crops was rust?

The WITNESS: Yes.

The CHAIRMAN: We will meet at 3.30 in the same room.

AFTERNOON SESSION

The CHAIRMAN: I think we will come to order, gentlemen. When we left off at one o'clock I think we had pretty well completed the statement of operation of wheat.

Mr. ARGUE: I have talked to Mr. McIvor privately and Mr. Davidson about a certain question that I would like information on. I believe the information can be obtained. There may be some delay, but so that it may be done in the proper manner, I thought I should have the question on the record. It would have to do with the amount of the various grains by grades and condition turned over to the board by elevator companies during each of the two past crop years. I imagine that that information will take some time to get.

Mr. George McIvor, Chief Commissioner, The Canadian Wheat Board, recalled:

The WITNESS: Mr. Argue was kind enough to advise that he was going to request this information. Could we file it with the chairman?

Mr. CASTLEDEN: For what years?

The CHAIRMAN: For the year 1952-53. It is a statement of deliveries, 1951-52, and 1952-53.

Mr. CASTLEDEN: Thank you.

The CHAIRMAN: Will we just table it with the committee, or what is your pleasure on this?

Mr. CASTLEDEN: Could it be printed in the report.

The CHAIRMAN: I suppose we could have it printed.

The WITNESS: We have also a similar statement on oats. Mr. Argue asked for all grains. This is a statement for the barley.

Mr. ARGUE: Those are purchases from the elevator companies?

Mr. EARL: Deliveries by companies to the board.

The CHAIRMAN: I think you will have to realize that there are several pages and if you intend to purchase any copies of the proceedings of the committee that will raise the price of the issue quite a bit.

Mr. CASTLEDEÑ: Are any of those small and insignificant amounts?

The CHAIRMAN: We could file it with the clerk.

Mr. ARGUE: And copies could be made available to the members of the committee; that should be sufficient.

The CHAIRMAN: I do not suppose that there will be a great many who will want this detailed information, and I imagine we could have a few copies made rather than have it in the record. It is quite voluminous.

Mr. CASTLEDEN: May I suggest that we might get around it and get the information just of some of the important ones, say about the first forty highest companies which would give us all we require.

The WITNESS: This is not by companies. This is just the total. I was not in on the discussions with Mr. Argue.

Mr. EARL: Total by grades.

The CHAIRMAN: This gives all the various grades from No. 1 Northern to tough rejected. I did not know that there were so many grades. There are about 360 grades in wheat alone. Then, there are oats and barley.

Mr. MANG: Could we have it mimeographed and give each member of the committee a copy?

The CHAIRMAN: I do not think that there are facilities for that. It will be available for any one who wants to take information from it.

Mr. ARGUE: We can leave it to the chairman to decide what is the best thing to be done.

The CHAIRMAN: If anyone wishes particular information they should come and have a look at it and let me know what part they want and we shall try to arrange a way to give you the information. Is that agreed?

Agreed.

The WITNESS: I had a question which Mr. Argue asked yesterday on shipments of oats to the United States. I have the answer to that. The question was: what quantity of oats have been shipped to the United States for the period August 1, 1953, to December 14, 1953. The quantity is 38.6 million bushels. The further question was: what quantity of oats was shipped to the United States from December 11, 1952, to July 31, 1953. The quantity was 18.9 million bushels.

By Mr. Roberge:

Q. Regarding the export of oats, is that finished for the year now?—

A. No. Our permits are virtually out for the year, but the shipments will go on for the next three or four months.

Q. I had a case at home where a person requested a permit who has farms right on the border and he has some feeding cattle and he was barred from shipping oats over the border.—A. There was a similar case brought to our attention and I think we granted the permit. If you wish to bring the case to my attention I will be very glad to look into it if the permit has not already been granted.

Mr. ROBERGE: Thank you very much.

The CHAIRMAN: Then, should we go on to oats?

By Mr. Argue:

Q. Might I get a little information on this point? We have had some considerable discussion about allocation of boxcars amongst various elevator companies. I think the board understands quite well that if this problem could be solved to the satisfaction of every one concerned it would be a great accomplishment. I was wondering if some continuing study is being given to the problem and if there has been some representation in the last few months with respect to the problem?—A. Could I suggest that you ask the question next week. I think that the matter has been under discussion but it will be discussed next week before the Board of Grain Commissioners.

Q. Do I understand from the reply that if changes are to be made in the present method of distributing boxcars as at the present time it will need to come through a decision of the Board of Grain Commissioners, rather than out of some discussion with the Canadian Wheat Board.—A. That is right.

Q. Has there been some discussion with the Wheat Board on this question?—A. No formal discussions.

Q. There has been discussion with the pools—A. I do not know.

Q. Not that you know of?

By Mr. Castleden:

Q. Could we get for the record the quantity of grain delivered to the board by the various grain companies over say the past four crop years?—A. We never have—I do not think we have ever given that information to the committee. It reveals the competitive position of the various companies and my recollection is that that information has been requested in the House and that it has not been given. I am not sure on that point, but I would not like to say anything that might embarrass any one in respect to it.

Q. Is there much of a competitive position left in the situation?—A. There may not be at the moment, but I imagine it will be restored at probably an early date.

Mr. ARGUE: Could we have individually copies of the table which was circulated to us yesterday but not put on the record showing the percentage of handlings of the grain companies over the past ten years?

The CHAIRMAN: That was a personal copy of mine. It is the number of relative elevator capacities and handlings compiled by a statistical service in Winnipeg. That was put out at the time this came up in the legislature in Manitoba. It gives the position for Saskatchewan, Manitoba and Alberta.

Mr. ARGUE: Would it be possible for members of the committee to get a copy of that document? I think it is very interesting. I think the information will be of value.

The CHAIRMAN: I have only two or three copies. I could pass it on to anyone who wishes to make a copy for his own information. It is very good information. It was put out by Sanford Evans in Winnipeg which is a statistical service. I imagine it must be available somewhere.

Mr. ARGUE: Thank you.

The CHAIRMAN: Should we go on to oats?

By Mr. Bryson:

Q. Did I understand you to say yesterday that you negotiate each year about diversion charges with the different companies?—A. Yes. We meet every year with all the representatives of the elevator companies including the pools and the United Grain Growers. We discuss the whole handling agreement and include in that agreement the diversion charges and that is also under discussion from time to time.

Q. I am very much opposed to those charges and I wondered if you ever attempted to have them done away with altogether?—A. I can assure that we have tried to get them reduced or done away at every meeting we have had with these organizations and have not been successful in accomplishing that. We will be meeting with them again this coming summer and I do not know how successful we will be at that time. We have got to have our grain handled. We have tried at every discussion with them to get the diversion charges reduced as much as possible.

The CHAIRMAN: I would suggest now that we go to exhibit III. We just finished the statement of operation of wheat. I suggest we take the statement of operation of oats and then barley and then come back to exhibit I which is a consolidated balance sheet. I think that would be the logical sequence. We might as well take the oats and barley account now. We will do exhibit III at the end of the report itself. We have now completed the supplementary report and will leave that and go to the main report exhibit III at the back. Exhibit III, oats. Would you comment on that, Mr. McIvor.

EXHIBIT II

THE CANADIAN WHEAT BOARD
1952-53 POOL ACCOUNT-WHEAT
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 31ST JULY 1953

	BUSHELS	AMOUNT
Wheat acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	533,015,077.0	\$ 818,252,922.91
Net bushels acquired from the adjustment of overages and shortages, etc., at country and terminal elevators at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	2,080,211.3	2,925,522.79
Purchased from 1951-52 Pool Account—Wheat.....	103,208,409.5	167,196,571.92
	638,303,697.8	\$ 988,375,017.62
Wheat sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur or Vancouver:		
Domestic.....	36,097,874.5	
Export sales at Class II prices.....	108,293,416.7	
Export sales under the terms of the International Wheat Agreement	181,032,902.7	
Weight losses in transit and in drying and reconditioning.....	17,423.8	
	325,441,617.7	\$ 583,694,584.18
Uncompleted sales at contract prices basis in store Fort William/Port Arthur or Vancouver:		
Domestic.....	9,253,634.3	
Export sales at Class II prices.....	26,218,558.6	
Export sales under the terms of the International Wheat Agreement.....	27,195,374.8	
	62,667,567.7	114,367,239.23
Add: Net amount recovered for storage, interest and differential charges.....		9,731,455.43
		707,793,278.84
Net proceeds from sales.....		
Stocks of wheat — stated at Board initial prices basis in store Fort William/Port Arthur or Vancouver.....	250,194,512.4	379,100,799.35
	638,303,697.8	1,086,894,078.19
Surplus on wheat transactions.....		98,519,060.57

Deduct: Carrying costs, interest, administrative and general expenses, etc:

Carrying charges:		
Carrying charges on wheat stored in country elevators.....	18,130,742.39	
Storage on wheat stored in terminal elevators.....	4,898,874.35	23,029,616.74
Interest, and bank charges, etc.....		2,976,038.10
Net additional freight on wheat shipped from country stations to terminal positions.....		152,327.84
Handling, stop-off and diversion charges on wheat warehoused at interior terminals.....		537,252.29
Drying and reconditioning charges, etc.....		203,176.23
Administrative and general expenses to 31st July 1953.....		1,396,880.30
		<hr/> 28,295,291.50
Surplus on operations of the Board on 1952-53 Pool Account—Wheat, for the year ended 31st of July 1953.....		<hr/> <hr/> \$ 70,223,769.07

EXHIBIT III

THE CANADIAN WHEAT BOARD
1952-53 POOL ACCOUNT—OATS
STATEMENT OF OPERATIONS
For the Crop Year Ended 31st July 1953
(Including provisions for transactions to 9th October 1953)

	BUSHELS	AMOUNT
Oats acquired:		
Purchased from Producers at Board initial prices basis in store Fort William/Port Arthur.....	118,967,962.5	\$71,335,991.59
Oats otherwise purchased at Board initial prices basis in store Fort William/Port Arthur.....	485.0	283.68
Purchased from 1951-52 Pool Account—Oats.....	17,396,603.9	13,190,335.98
	<u>136,365,051.4</u>	<u>\$84,526,611.25</u>
Oats sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur.....	90,073,570.2	67,769,059.57
Weight losses in drying and reconditioning.....	830.2	—
	<u>90,074,400.4</u>	<u>67,769,059.57</u>
Net proceeds from sales.....		
Stocks of oats—stated at the ultimate value received from the sale thereof, basis in store Fort William/Port Arthur.....	46,290,651.0	31,749,911.33
	<u>136,365,051.4</u>	<u>99,518,970.90</u>
Surplus on oats transactions.....		14,992,359.65
Deduct: Carrying costs, interest, administrative and general expenses, etc: (including provision for expenses to 9th October 1953)		
Carrying charges:		
Carrying charges on oats stored in country elevators.....		\$3,239,507.55
Storage on oats stored in terminal elevators.....		193,483.03
		<u>3,433,000.58</u>
Interest and bank charges.....		(21,088.13)
Freight recovered on shipments of oats to Vancouver for export.....		(50,988.78)
Drying, reconditioning charges, grade adjustments, etc.....		163,000.36
Brokerage and Clearing Association charges.....		28,718.74
Administrative and general expenses to 31st July 1953.....		252,530.33
Add: Proportion of administrative and general expenses for the period from 1st August 1953 to 9th October 1953.....		57,743.26
		<u>310,273.59</u>
		<u>3,862,936.44</u>
Surplus on operations of the Board on 1952-53 Pool Account—Oats, for the crop year ended 31st July 1953.....		\$11,129,423.21

The WITNESS: I think that I will ask Mr. Earl to comment on this statement. We are now getting into the accounting end of the report.

Mr. EARL: This statement shows the final figures of the 1952-53 Oats Pool Account from its inception August 1, 1952, to the date the accounts were closed on October 9, 1953. It has all the final figures included and is the basis on which we made a final payment to producers on the 1952-53 pool. I cannot say too much more about it. I might suggest at this time that any questions any one might have could be answered at this time.

The CHAIRMAN: Are there any questions on that wheat operation?

Mr. STICK: What surplus of oats have we on hand now?

Mr. EARL: They were all sold on October 9. There are none on hand.

Mr. STICK: You have no surplus of oats on hand now?

Mr. EARL: Not in this account. We will have oats on the 1953-54 pool account.

Mr. STICK: How much have you in that?

The WITNESS: I do not think that we should make public how many oats we have on hand at the present time.

The CHAIRMAN: You will note our order of reference as a matter of fact only covers 1952-53. That takes us to the 31st July last. Because of the unusual situation in the grain situation at the moment this year this was brought up for another six months but now we could not expect to go still further after January 30.

Mr. STICK: Does the Wheat Board still control the sale of oats?

The WITNESS: Yes. If we were to publish the amount of oats we have to sell it might make our selling problem more difficult.

Mr. STICK: I am not asking a question which would embarrass your selling position.

The WITNESS: We have never given information with respect to our current position which would be very carefully studied by the buyers, and we have always retained that information to ourselves until our accounts are cleared.

Mr. STICK: What authority have you now regarding oats?

The WITNESS: Our authority is that we receive and take delivery of all oats in the designated area which is Manitoba, Alberta, Saskatchewan and Ontario, and dispose of them.

The CHAIRMAN: Are there any more questions on oats?
Carried.

The CHAIRMAN: Exhibit IV, barley operations.

EXHIBIT IV

THE CANADIAN WHEAT BOARD
1952-53 POOL ACCOUNT—BARLEY
STATEMENT OF OPERATIONS
For the Crop Year Ended 31st July 1953
(Including provision for transactions to 30th October 1953)

	BUSHELS	AMOUNT
Barley acquired:		
Purchased from Producers at Board initial prices basis in store		
Fort William/Port Arthur.....	164,886,884.1	\$169,316,403.81
Barley otherwise purchased at Board initial prices basis in store	8,526.6	8,350.59
Fort William/Port Arthur.....	11,372,063.2	14,823,905.00
Purchased from 1951-52 Pool Account—Barley.....	176,267,473.9	\$184,148,659.40
Barley sold:		
Completed sales at realized prices basis in store Fort William/Port Arthur.....	119,788,681.7	152,461,721.01
Weight losses in drying and reconditioning.....	12,099.4	—
Net proceeds from sales.....	119,800,781.1	152,461,721.01
Stocks of barley—stated at the ultimate value received from the sale thereof, basis in store Fort William/Port Arthur.....	56,466,692.8	58,752,982.20
Surplus on barley transactions.....	176,267,473.9	211,214,703.21
Deduct: Carrying costs, interest, administrative and general expenses, etc: (Including provision for expenses to 30th October 1953)		27,066,043.81
Carrying charges:		
Carrying charges on barley stored in country elevators.....	\$5,287,682.30	
Storage on barley stored in terminal elevators.....	643,707.59	
Interest and bank charges.....		5,931,389.89
Freight recovered on shipments of barley to Vancouver for export.....		(36,154.64)
Handling, stop-off and diversion charges, etc.....		(334,628.05)
Grade adjustments, drying and reconditioning charges, etc.....		155,742.04
Brokerage and Clearing Association charges.....		(851,384.12)
Administrative and general expenses to 31st July 1953.....	389,140.32	31,288.98
Add: Proportion of administrative and general expenses for the period from 1st August 1953 to 30th October 1953.....	72,259.89	
Surplus on operations of the Board on 1952-53 Pool Account—Barley, for the crop year ended 31st July 1953.....		401,400.21
		5,357,654.31
		\$ 21,708,389.50

Mr. EARL: Exhibit IV is exactly the same type of statement as exhibit III. It shows the 1952-53 account on barley up until the time it was closed.

Mr. STICK: Your authority on barley is the same on oats?

The WITNESS: Yes.

Mr. BRYSON: On this item: "freight recovered on shipments of barley to Vancouver for export", that freight recovery, what is that? Is there a differential some place?

The WITNESS: That question was asked at one of our previous meetings. I can repeat the answer. All our barley and oats are bought basis Fort William and when we sell basis Vancouver if the freight rate is lower than the Fort William freight rate we make the freight advantage in our sales.

By Mr. Stick:

Q. What is the position of oats and barley? I am an easterner and do not know too much about the west. Do you control the exports of oats and barley from all over in Canada?—A. Just the oats and barley delivered in the designated area, that is, as far as the marketing of the grain is concerned.

Q. It is for the whole of Canada?—A. We are charged with the responsibility of issuing the export permits for the export of oats and barley. There are no restrictions on the export of barley, but the oats exports are restricted to the 23-million-bushel figure which was agreed upon by the governments of the United States and Canada.

Q. Where do you stand with regard to the control of the export of oats and barley to the United States? There is quite an amount of oats grown in Quebec and other provinces here. Do you control that export there, or can they export themselves? If they do, it will interfere with the marketing, I presume?—A. They have to apply to us for a permit. There is an over-all figure of 23 million bushels for exports to the United States. It does not matter whether it comes from New Brunswick, Quebec or western Canada.

Q. Are they allowed to sell it at their own price?—A. Yes, we have nothing to do with it.

Q. If they undersell you, what happens then?—A. To the extent that they would undersell us, we might lose that much of the sales, but the oats that are preferred—and I am not criticizing eastern oats in any way—in the United States are the heavy oats from the west. Their oats are light and the United States likes to have the heavier oats.

Q. I wonder what control you would have. If you are trying to get the best possible price and those people undersell you, where does your control come in?—A. The volume of oats exported from the east is not a factor affecting our western oats.

Mr. MACKENZIE: Does that apply only to feed grain and not to seed grain?

The WITNESS: Certified seed is exempt. It is outside the 23 million bushels.

The CHAIRMAN: Shall we go to the balance sheet now?

Agreed.

Consolidated Balance Sheet, Exhibit I. Assets and liabilities.

THE CANADIAN WHEAT BOARD
CONSOLIDATED BALANCE SHEET

As at 31st JULY 1953

ASSETS		LIABILITIES	
Funds on deposit.....		Liability to Agents for grain purchased from Producers but not yet delivered to the Board.....	\$ 35,857,863.70
Stocks of grain:		Advances received on Agency wheat stocks.....	\$ 355,853,506.77
Wheat stocks—stated at contract prices basis in store Fort William/Port Arthur or Vancouver.....	\$ 114,367,239.23	Amounts due to Producers:	
Wheat stocks—stated at fixed initial prices basis in store Fort William/Port Arthur or Vancouver.....	379,100,799.35	Outstanding certificates and cheques:	
	493,468,038.58	Balance of final payments—Wheat.....	\$ 2,224,901.04
		—Coarse Grains.....	243,807.06
	31,749,911.33	Balance of adjustment payments—	
Oat stocks—stated at the ultimate value received from the sale thereof basis in store Fort William/Port Arthur.....	58,752,982.20	Wheat.....	2,239,781.22
		—Coarse Grains.....	306,414.79
Barley stocks—stated at the ultimate value received from the sale thereof basis in store Fort William/Port Arthur.....			5,014,904.11
Accounts receivable.....			
Memberships—In the Winnipeg and Vancouver Grain Exchanges, the Winnipeg Grain and Produce Exchange Clearing Association Limited and the Lake Shippers' Clearance Association.....	583,970,932.11	Other accounts:	
	3,590,153.72	Emergency wheat receipts.....	6,423.03
		Payment Accounts—Undistributed Balances.....	453,996.74
		Balance outstanding on other operations of the Board under The Canadian Wheat Board Act.....	26,130.62
			486,550.39
		Accrued expenses and accounts payable.....	7,295,201.47
	19,028.98	Provisions for final payment expenses.....	517,189.77
		Due to the Government of Canada.....	319,514.93
	395,400.00	Surpluses resulting from operations:	
	20,598.81	1952-53 Pool Account—Wheat.....	70,223,769.07
		1952-53 Pool Account—Oats.....	11,129,423.21
	101,440.39	1952-53 Pool Account—Barley.....	21,708,389.50
			103,061,581.78
			\$ 623,685,417.71

This is the Consolidated Balance Sheet which is referred to in our report of this date.

Approved:

GEO. McIVOR,
Chief Commissioner

W. C. McNAMARA,
Assistant Chief Commissioner

W. RIDDEL,
Commissioner

W. E. ROBERTSON,
Commissioner

Winnipeg, Manitoba,
21st December, 1953.

MILLAR, MACDONALD & CO.
Chartered Accountants,
Auditors.

Mr. POMMER: With regard to the liability to agents for grain purchased from producers but not yet delivered to the board, is that in the country elevators?

Mr. EARL: Yes, wheat, oats and barley.

The CHAIRMAN: Are there any other questions there? If not, we can go to Exhibit V, "Statement of Final and Adjustment Payments" for wheat and coarse grains.

EXHIBIT V

THE CANADIAN WHEAT BOARD
STATEMENT OF FINAL AND ADJUSTMENT PAYMENTS
As At 31st July 1953

FINAL PAYMENTS:		Total Amounts Payable to Producers	Cheques Cashed by Producers to 31st July 1953	Balances Payable to Producers as at 31st July 1953
WHEAT:				
1944 Crop Wheat Account.....				
1945-49 Pool Account.....				
1950-51 Pool Account.....				
1951-52 Pool Account.....				
		\$ 66,019,001.69	\$ 65,830,469.97	\$ 188,531.72
		119,075,039.68	117,944,139.74	1,130,899.94
		104,933,267.56	104,811,979.32	121,288.24
		114,585,112.68	113,800,931.54	784,181.14
		404,612,421.61	402,387,520.57	2,224,901.04
Coarse Grains:				
1949-50 Pool Account—Oats.....				
1949-50 Pool Account—Barley.....				
1950-51 Pool Account—Oats.....				
1950-51 Pool Account—Barley.....				
1951-52 Pool Account—Oats.....				
1951-52 Pool Account—Barley.....				
		15,546,322.39	15,525,774.96	20,547.43
		26,643,973.33	26,624,559.14	19,414.19
		9,639,421.43	9,622,815.55	16,605.88
		15,112,054.03	15,099,809.67	12,244.36
		24,746,258.79	24,643,469.06	102,789.73
		19,241,174.36	19,168,968.89	72,205.47
		110,929,204.33	110,685,397.27	243,807.06
		\$ 515,541,625.94	\$ 513,072,917.84	\$2,468,708.10
Total—Final Payments.....				
Adjustment Payments:				
Wheat:				
1945-49 Pool Account.....				
1950-51 Pool Account.....				
1951-52 Pool Account.....				
1952-53 Pool Account.....				
		\$ 388,546,143.02	\$ 387,565,051.40	\$ 999,091.62
		49,629,262.54	49,596,520.23	32,742.31
		47,681,245.77	47,620,140.59	61,105.18
		61,124,386.63	59,977,544.52	1,146,842.11
		546,999,037.96	544,759,256.74	2,239,781.22
COARSE GRAINS:				
1950-51 Pool Account—Oats.....				
1950-51 Pool Account—Barley.....				
1951-52 Pool Account—Barley.....				
1952-53 Pool Account—Barley.....				
		5,707,963.15	5,703,078.50	4,884.65
		11,173,006.63	11,167,269.71	6,336.92
		13,600,641.70	13,581,024.62	19,617.08
		14,467,203.86	14,191,627.72	275,576.14
		44,949,415.34	44,643,000.55	306,414.79
		\$ 591,948,453.30	\$ 589,402,257.29	\$2,546,196.01
Total—Adjustment Payments.....				
		\$1,107,490,079.24	\$1,102,475,175.13	\$5,014,904.11

Mr. EARL: Mr. Chairman, this statement sets forth the amounts that were payable to producers, the cheques that have been cashed to July 31, and the balances that are still owing in respect to these payments.

By Mr. Castleden:

Q. How do you arrive at your figure for initial payments in wheat, oats and barley?—A. You mean the amount?

Q. Yes.—A. Well, the usual procedure is that we discuss the situation with the government and we make recommendations to the Minister of Trade and Commerce with regard to the initial payments.

Q. Is that taken up with your board of advisers? Is it discussed with them?—A. No.

By Mr. Stick:

Q. Would that be based on your receipts?—A. No.

Q. Receipts on sales, I mean?—A. Chiefly on the over-all position and our selling prospects.

Mr. CASTLEDEN: It must be.

Mr. STICK: You pay out money you do not have in that case?

The WITNESS: I think that we are probably talking about two different things. The question, as I understand it, was how we arrived at the amount of our initial payment per bushel?

Mr. CASTLEDEN: That is right.

The WITNESS: I think probably you have in mind, where do we get the money to make the payments?

Mr. STICK: Exactly.

The WITNESS: Well, the money comes out of the sales proceeds on our grain.

Mr. STICK: That is what I said a moment ago.

Mr. ARGUE: The main criterion in setting the initial price for any given pool is to keep the pool solvent at all times?

The WITNESS: We try to keep that in mind.

Mr. STICK: Why do you have to go to the bank to borrow money?

The CHAIRMAN: Who does not?

Mr. STICK: I was just asking for information.

The WITNESS: When we have to take delivery of the grain from the country, we have to get money to pay for it.

By Mr. Stick:

Q. You make an initial payment to the producer?—A. Yes, and our account is guaranteed by the Canadian government. We borrow from virtually all of the banks at times. At other times we have a surplus and we have deposits in the banks.

Q. You make the initial payment to the producer when he delivers the grain to the elevator, is that right?—A. Yes, the elevator company makes the initial payment on our behalf, because they are the agent of the board.

Q. That is what I meant.—A. They carry the grain until such time as it is delivered to the terminal elevators or a mill, and then we have to pay for it.

Q. That is where the bank loans come in?—A. That is right.

Q. When you sell the grain you make another adjustment?—A. When we sell the grain, and if our sales position is such that we can recommend to the government an additional payment to the producer we do so.

Mr. POMMER: Mr. Chairman, in this balance payable to the producers as 31st July, 1953, are those uncashed cheques?

Mr. EARL: Uncashed cheques and uncashed certificates.

The WITNESS: Certificates that have not been forwarded.

Mr. POMMER: Forwarded for payment?

The WITNESS: Yes.

Mr. POMMER: I am really surprised that with the so-called condition of shortage of money in our country there is so much outstanding.

Mr. EARL: Mr. Chairman, if I might make a comment, I am sorry that I have not these figures more current, but from August 1 to February 28, 1954, of the \$2,468,708.10, \$790,922.46 has now been paid. Of the other figure shown at the bottom of the page, \$2,546,196.01, we have paid \$1,298,875.22.

The CHAIRMAN: That \$1,298,000 is what you have paid out?

Mr. EARL: That is right, in respect to the adjustment payments on wheat and coarse grain. The first figure I quoted, we paid in respect to the final payments on wheat and coarse grains.

The CHAIRMAN: In other words, that figure now stands at \$1,248,000?

Mr. EARL: I just wanted to point out that considerable progress has been made in reducing this liability. That is up to February 28.

The CHAIRMAN: That is all for Exhibit V.

Mr. CASTLEDEN: Just for the record, what is the cost to the government of the operating of the board?

The CHAIRMAN: That will come later, I think.

The WITNESS: No, I do not think it will, Mr. Chairman.

By Mr. Castleden:

Q. I just wanted this on the record.—A. Since 1939 the cost of the operations of the board to the government, that is, the marketing operations of the board, has been nothing; no cost.

Q. Those marketing operations of the board have cost nothing?—A. Yes. We have had special operations of the board on behalf of the government, particularly during wartime when we were instructed to do certain things on which there was a loss involved, but in the straight marketing operations in wheat, oats and barley since 1939 there has been a surplus.

Mr. POMMER: In spite of the fact that you had quite an expense in the 1952 crop for drying?

The WITNESS: Yes.

Mr. RIDDEL: There was no loss to the government.

Mr. MANG: The taxpayer is not involved?

The WITNESS: Since 1939, other than the special operations to which I referred, the wheat farmer has been standing on his own feet.

Mr. PURDY: As far as marketing is concerned, but he gets other assistance.

The WITNESS: That is a little outside of the Wheat Board.

The CHAIRMAN: That is a broad question.

We go to Exhibit VI, "Statement of Provisions for Final Payment Expenses to 31st July 1953".

Any questions on that?

THE CANADIAN WHEAT BOARD
STATEMENT OF PROVISIONS FOR FINAL PAYMENT EXPENSES
To 31st July 1953

MARKETING OF PRODUCERS' GRAIN:					
WHEAT:					
	Original Provisions	Payment Costs and Other Adjustments to 31st July 1952	Payment Costs to Year Ended 31st July 1953	Exchange, Commissions and Other Adjustments 1952-53 Year	Balance of Original Provisions
					Net Interest Credits on Surplus Funds to 31st July 1953
					Balance as at 31st July 1953
1944 Crop Wheat Account.....	\$ 552,500.00	\$ 323,982.88	\$ 1,524.97	\$ 25.87	\$ 9,087.34
1945-49 Pool Account.....	480,082.01	401,434.24	31,048.23	851.14	79,182.89
1950-51 Pool Account.....	225,907.74	200,561.82	11,121.65	3.53	45,529.66
1951-52 Pool Account.....	262,601.16	—	105,635.97	143,969.37	50,032.38
	1,491,060.91	985,978.94	149,330.82	144,849.91	183,792.27
					\$ 236,003.62
					95,911.29
					(249.60)
					63,028.20
					394,693.51
COARSE GRAINS:					
1949-50 Pool Account—Oats.....	81,867.67	54,435.66	1,187.86	10.36	1,982.13
1949-50 Pool Account—Barley.....	88,713.98	61,290.50	973.24	7.97	2,809.82
1950-51 Pool Account—Oats.....	59,846.99	56,770.42	5,883.00	35.34	4,221.82
1950-51 Pool Account—Barley.....	63,076.03	58,210.79	4,987.43	43.14	1,380.05
1951-52 Pool Account—Oats.....	86,315.60	—	52,809.07	31,717.55	5,430.99
1951-52 Pool Account—Barley.....	78,000.10	—	51,444.44	25,337.02	1,788.98
	457,820.37	230,707.37	117,285.04	57,151.38	1,218.64
	\$ 1,948,881.28	\$ 1,216,686.31	\$ 266,615.86	\$ 202,001.29	52,676.83
Total—Producers' Grain.....					\$ 263,577.82
					\$ 212,527.92
					\$ 476,105.74
OTHER OPERATIONS UNDER THE CANADIAN WHEAT BOARD ACT:					
1946 Crop Oats Equalization Fund—P.C. 3222 and 1292.....	\$ 55,095.30	\$ 61,390.62	\$ 178.07	\$.39	\$ 9,582.56
1947 Crop Oats and Barley Equalization Funds—P.C. 1891 and 5207.....	71,757.74	50,653.62	1,003.17	2.26	14,810.10
1947 Crop Flaxseed Adjustment Payment—P.C. 829.....	24,496.02	21,854.96	—	.61	480.01
	151,349.06	133,899.20	1,181.24	3.26	24,818.67
Total—all Accounts.....	\$ 2,100,230.34	\$ 1,350,585.51	\$ 267,797.10	\$ 202,004.55	\$ 279,843.18
					\$ 237,346.59
					\$ 517,189.77

The CHAIRMAN: We go to Exhibit VII, "Schedule of Administrative and General Expenses and Allocations to Operations". Are there any comments that you care to make on that?

THE CANADIAN WHEAT BOARD
SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES
AND ALLOCATIONS TO OPERATIONS
FOR THE YEAR ENDED 31ST JULY 1953

ADMINISTRATIVE AND GENERAL EXPENSES:		ALLOCATIONS TO OPERATIONS:	
Salaries—Board members, officers and staff.....	\$ 1,802,390.97	1. Marketing Producers' grain (including cost of distributing adjustment payments):	
Unemployment insurance.....	16,246.01	1952-53 Pool Account—Wheat.....	\$ 1,396,880.30
Advisory Committee—travelling expenses and per diem allowance.....	2,914.26	1952-53 Pool Account—Oats.....	252,530.33
Rental and lighting of offices, including maintenance of The Canadian Wheat Board Building, Winnipeg.....	204,366.25	1952-53 Pool Account—Barley.....	389,140.32
Telephone—exchange service and long distance calls.....	40,939.77	1951-52 Pool Account—Wheat.....	318,921.39
Telegrams and cables.....	34,372.52	1951-52 Pool Account—Oats.....	44,642.81
Postage.....	75,928.10	1951-52 Pool Account—Barley.....	45,241.63
Printing, stationery and supplies.....	140,010.94		\$ 2,447,356.78
Office expenses.....	12,411.25	2. Distributing final payments to Producers:	
Travelling expenses.....	28,238.44	(a) Wheat:	
Travelling expenses—Inspectors.....	33,855.57	1951-52 Pool Account.....	105,635.97
Legal fees and court costs.....	983.91	1950-51 Pool Account.....	11,121.65
Audit fees.....	63,500.00	1945-49 Pool Account.....	31,048.23
Tabulating equipment—rental and sundries.....	120,309.32	1944 Crop Account.....	1,524.37
Repairs and upkeep of office machinery and equipment.....	3,979.65	1943 Crop Account.....	1,680.08
Grain market publications and services.....	4,124.81	1942 Crop Account.....	672.00
Bonds and insurance.....	3,092.65	1941 Crop Account.....	566.01
Grain Exchange dues.....	2,500.00	1940 Crop Account.....	1,387.80
Express, freight and cartage on stationery, etc.....	17,048.29	(b) Coarse Grains:	
Depreciation on furniture, equipment and automobiles.....	21,175.09	1951-52 Pool Account—Oats.....	52,809.07
Contribution to Pension Fund, actuarial and other expenses.....	91,393.71	1951-52 Pool Account—Barley.....	51,444.44
Total administrative and general expenses for the year ended 31st July 1953.....	\$ 2,719,781.51	1950-51 Pool Account—Oats.....	5,883.00
		1950-51 Pool Account—Barley.....	4,987.43
		1949-50 Pool Account—Oats.....	1,187.86
		1949-50 Pool Account—Barley.....	973.24
		3. Other operations under The Canadian Wheat Board Act:	
		1947 Crop Oats and Barley Equalization Funds—P.C. 1891 and 5207.....	1,003.17
		1947 Crop Oats and Barley Adjustment Payment—P.C. 3375.....	159.20
		1946 Crop Oats Equalization Fund—P.C. 3222 and 1292.....	178.07
		1944 Crop Barley Equalization Fund—P.C. 5998.....	65.80
		1943 Crop Oats Equalization Fund—P.C. 4450 and 8898.....	96.14
			1,502.38
			\$ 2,719,781.51

The WITNESS: Do you have any comments, Mr. Earl?

Mr. EARL: The table on the left shows the various expenses incurred by the board in the process of its operations for the year ended 31st July, 1953. In other words, the expenses are applicable to all the board's operations for wheat, oats and barley, its payment operations, etc. The table on the right shows the manner in which those expenses have been allocated to the various operations that the board conducts.

Mr. ARGUE: Is that worked out for the year on a per bushel basis?

Mr. EARL: Yes.

Mr. ARGUE: What would that be, roughly, per bushel?

Mr. EARL: I can give you that, Mr. Argue. For the 1953 pool, .262 cents, a little over a quarter of a cent per bushel.

Mr. ARGUE: Would you take that as a total additional cost of the Wheat Board method over and above the ordinary costs that would have to be met in any case like storage, freight and so forth?

Mr. EARL: That is right.

Mr. ARGUE: That is the cost of the Wheat Board operations to the producer, a quarter of a cent per bushel?

Mr. EARL: That is correct.

The WITNESS: That is the per bushel operating expenses of the board.

Mr. GOUR (*Russell*): That is cheap. How large a staff do you have?

The WITNESS: We have at present close to 700 members in all our offices.

Mr. POMMER: Mr. Chairman, I just wanted to make a brief comment on this "Advisory Committee—travelling expenses and per diem allowance, \$2,914.26". I think that that is a figure to be commended for men who are experts, you might say, in their particular field, and I just wanted to draw the committee's attention to that, because I am really greatly surprised at that low figure.

Mr. CASTLEDEN: Hear, hear!

The WITNESS: Might I make a correction? I said that our staff was very close to 700. I am afraid that my mind was going back a few months. Our present staff is 646.

Mr. STICK: May I make a comment on the legal fees and court costs, \$983.91? It seems to me that the staff that they have handling this are so efficient that nobody is taking them to court. I am glad that the lawyers are not getting much of this.

By Mr. Castleden:

Q. Is there any intention of extending your sales staff for the coming year?—A. Yes, we have. They have not reached the point where I feel I can discuss them at the present time, because we have not completely cleared them among ourselves and with the minister, but we are very anxious to make every effort to sell our grain, and that is our No. 1 problem and it is very much in our minds.

Q. The sales staff at the present time is what?—A. Our actual sales staff? We have in Vancouver the manager of our Vancouver office, who disposes of our grain that we sell out there, the bulk of it. We have an office in Calgary, and the manager of our Calgary office handles the mill sales. In Winnipeg, we have a general sales manager, who has two assistants. We have a sales manager in charge of coarse grains, who also has two assistants. In London we have the manager of our London office, and those are his chief duties. We have a man in Washington watching the situation there.

Q. I think that we have two men in Washington?—A. He has a secretary there, a girl. We have four board members that fancy themselves as salesmen, and they are doing their best to sell the grain, as well. Our sales end is well covered.

Mr. MACKENZIE: What are you going to do with the balances that you have that are not claimed?

The WITNESS: We have made certain recommendations to the government that I am not in a position to discuss this afternoon.

Mr. WESELAKE: Is the Wheat Board building in Winnipeg owned by the Wheat Board itself?

The WITNESS: Yes.

The CHAIRMAN: The balance is placed in a special account now, segregated from the rest?

Mr. MACKENZIE: It is quite substantial.

The WITNESS: Would you explain how the balances are placed in a special account, Mr. Earl?

The CHAIRMAN: We saw the figure the other day.

Mr. EARL: I would like to refer you to page 28 of the main report. In this section is quoted the authority under which the transfer is made, and the table at the top of page 29 sets forth the figures that were involved in the transfer. During the present crop year there will be other balances that will become eligible for transfer in accordance with this legislation. The total, as you will note, at 31st July, 1953, was \$453,996.74.

The CHAIRMAN: Gentlemen, I believe that now we only have the Auditors' Report.

Auditors' Report
Millar, MacDonald & Co.
 CHARTERED ACCOUNTANTS

The Canadian Wheat Board,
 Winnipeg, Manitoba.

Gentlemen:

We have conducted an audit of the accounts and records of The Canadian Wheat Board for the crop year ended 31st July 1953, and have examined the Consolidated Balance Sheet as at 31st July 1953 and the related statements of operations and supporting schedules for the crop year ended on that date. We have obtained all the information and explanations which we have required from the members of the Board and its officers and employees.

Our examination was conducted in accordance with generally accepted auditing principles and included such tests of the accounting records and such other procedures as we considered necessary in view of the system of internal accounting control maintained by the Board.

Funds on deposit were confirmed by direct correspondence with the depositaries. Stocks of grain are correctly stated in terms of the valuation bases indicated on the Consolidated Balance Sheet and as explained in Part II of the Report of the Board. The liability for charges incident to the realization of wheat stocks stated at contract prices and oats and barley stocks is included in accrued expenses and accounts payable. All other assets and liabilities have been verified by reference to grain records, vouchers, creditors' statements and other documents.

We have reviewed Part II of the Annual Report of the Board, which sets forth explanatory comments relating to the financial statements. In our opinion the information presented therein is accurately recorded and is in agreement with our findings in the course of audit.

In our opinion the accompanying Consolidated Balance Sheet and related statements of operations and supporting schedules are properly drawn up so as to exhibit a true and correct view of the financial position of The Canadian Wheat Board as at 31st July 1953, and the results of its operations for the 1952-53 crop year, according to the best of our information and the explanations given to us, and as shown by the books of the Board.

Winnipeg, Manitoba,
21st December 1953.

MILLAR, MACDONALD & CO.
Chartered Accountants
Auditors

Mr. EARL: Mr. Chairman, this is the usual statutory report that we obtain from our auditors certifying to the accuracy and the proper presentation of the accounts that have been submitted.

The CHAIRMAN: I believe that completes the whole report.

The WITNESS: There is one question still outstanding that was asked by Mr. Harkness. We telephoned through to Winnipeg today to get busy and get that information together, and we will send it to the chairman of the committee as soon as we can, if that is satisfactory.

Mr. HARKNESS: Thank you.

Mr. ARGUE: As one member of the committee and I am sure that I can speak on behalf of my associates here, the other members of the committee, in saying that we have had a very pleasant experience throughout with the board's appearing before the Agriculture Committee. This has been our experience every time the board has appeared before the committee. I am sure we all appreciate the very cooperative way in which the members of the board have answered questions, the very full and valuable information they have given us, and I am sure that we and the producers of western Canada which they represent wish them continuing success in their operations this coming year.

Mr. STICK: This is new to me, not knowing anything about grain. These things come up in the House and we hear so much about grain, so I come here as a learner so that I can take an interest in the welfare of western Canada, and I think that I can say my observations are that this whole thing has been administered very efficiently and we hope that we can set up sort of a similar organization to handle our fish down east.

Mr. POMMER: I wish to add my few words as a newcomer to the House and this committee. I wish to compliment, the chairman, Mr. McIvor, and Messrs. Riddel, Earl, Robertson and Davidson for their fine cooperation. I am a newcomer, but I know something about the functions of the Wheat Board. I happen to be from Manitoba and directly and indirectly I am interested in grain growing. I know of the very fine job they have done in the past and the very fine work they are doing under very difficult marketing conditions. I want to again say that I commend them on the very fine group of witnesses we have had before us these past few days.

The WITNESS: Mr. Chairman, I would like to express, on behalf of myself and my associates, our appreciation of the opportunity to meet with this committee and discuss our problems. I would like to add that we have had with us one of our members who has not said anything but would like to express his compliments to the committee. Mr. Robertson.

Mr. ROBERTSON: Thank you, Mr. Chairman and Mr. McIvor. As you gentlemen will have observed I am a new member who joined the board on the 1st December. I have been in the grain business a long time but there is a lot to learn I find in this board. I was glad of the opportunity to come down here and meet you gentlemen and hear the discussions. It has been an

education and most helpful to me and I am sure will be very useful to me in trying to pick up some more of the threads of the board. There are ramifications greater than I even thought when I was on the outside. It is most interesting and I am enjoying the experience very much. When the invitation came to be a member of the board I was glad to accept it because I have been associated with the grain business and agriculture throughout my life. I have a deep interest in it and in the Wheat Board. I have seen through the years the functions of the Wheat Board and I am sure it has been a good thing for western Canada, and, therefore, I was very pleased to become associated with the board. There was another reason too. The three members who were on the board, Mr. McIvor, Mr. McNamara and Mr. Riddel had a very big influence in my deciding to come on the board because they are three outstanding men of ability and integrity and I felt that it was a honour to become associated with them. I will carry on and try to do a job for the board and the producers, and I appreciate the opportunity to be here with you gentlemen.

The CHAIRMAN: Anything I would say now would be superfluous after what has been said, but I still want on behalf of the committee as a whole to thank you, Mr. McIvor, and all you gentlemen for coming here and for your very cooperative and helpful attitude throughout the discussions.

We have completed the first part of our business and I want to thank all the members of the committee for their fine cooperation in despatching this business and in coming here. I know it is difficult because of the clashes of the various committees and the work at this time.

Our next meeting will be Tuesday in room 430 at 11 o'clock in the morning. Thank you.

Gov. Doc

HOUSE OF COMMONS

Government
Publications

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Respecting

Report of The Board of Grain Commissioners for Canada for the year 1953.

TUESDAY, MAY 11, 1954

WITNESSES:

Mr. G. A. Mills, President, Saskatchewan Wheat Pool Employees' Association; and *From the Board of Grain Commissioners for Canada*: Mr. D. G. McKenzie, Chief Commissioner; Mr. J. Vallance, Commissioner; Mr. R. W. Milner, Commissioner and Transport Controller; Mr. A. F. Dollery, Chief Grain Inspector; Dr. J. A. Anderson, Chief Chemist.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.
and
Messrs.

Anderson,
Argue,
Batten,
Blackmore,
Boucher (*Chateauguay-
Huntingdon-
Laprairie*),
Bruneau,
Bryson
Byrne,
Cardiff
Castleden,
Charlton,
Clark,
Decore,
Demers,
Deslières,
Diefenbaker,
Dinsdale,
Fontaine,

Forgie,
Fulton,
Gingras,
Goode,
Gour (*Russell*),
Harkness,
Harrison,
Huffman,
Johnson (*Kindersley*),
Kickham,
Kirk (*Antigonish-
Guysborough*),
Lusby,
MacKenzie,
MacLean,
Mang,
Massé,
Matheson,
McBain,
McCubbin,
McLeod,

Michaud,
Montgomery,
Murphy (*Westmorland*),
Perron,
Pommer,
Poulin,
Purdy,
Proudfoot,
Roberge,
Schneider,
Stanton,
Stick,
Studer,
Tucker
Villeneuve,
Weselak
White (*Middlesex East*),
White (*Waterloo South*),
Wylie,
Yuill,
Zaplitny—60.

(Quorum 20)

E. W. INNES,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 11, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Batten, Blackmore, Bryson, Cardiff, Castleden, Charlton, Deslières, Dinsdale, Forgie, Gingras, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jutras, Kirk (*Antigonish-Guysborough*), Lusby, MacLean, Mang, Massé, McCubbin, McLeod, Pommer, Stick, Studer, Tucker, Weselak, White (*Waterloo South*), Yuill, and Zaplitny.

In attendance: From the Saskatchewan Wheat Pool Employees' Association: Mr. G. A. Mills, President, and Mr. R. W. Thasher, Secretary. From The Board of Grain Commissioners for Canada: Messrs. D. G. McKenzie, Chief Commissioner; J. Vallance, Commissioner; R. W. Milner, Commissioner; J. Rayner, Director of Administration; K. Hlynka, Secretary; A. F. Dollery, Chief Grain Inspector; Dr. J. A. Anderson, Chief Chemist.

The Committee agreed to receive and discuss the brief of the Saskatchewan Wheat Pool Employees' Association before proceeding to the consideration of the Report of The Board of Grain Commissioners for Canada.

Mr. Mills presented the Brief of The Saskatchewan Wheat Pool Employees, was questioned thereon and retired.

At 12.50 o'clock p.m., the Committee adjourned until 3.30 o'clock this day.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Argue, Batten, Blackmore, Bryson, Cardiff, Castleden, Charlton, Dinsdale, Forgie, Gingras, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jutras, MacKenzie, Mang, Massé, McCubbin, McLeod, Pommer, Proudfoot, Roberge, Stanton, Stick, Studer, Weselak, White (*Waterloo South*), Yuill, and Zaplitny.

In attendance: Same as in the morning.

Agreed,—That the question of calling Dr. F. Dimmock, Central Experimental Farm, regarding soybeans, be referred to the Steering Committee.

The Committee proceeded to the consideration, by sections, of the Report of the Board of Grain Commissioners for Canada, Mr. MacKenzie, assisted by his colleagues answering questions thereon.

The following sections of the above-mentioned Report were adopted: General; Inspection of Grain; Grain Drying Research; Weighing of Grain; Statistics; Elevator Charges; Regulations of the Board.

The Chief Commissioner tabled with the Committee the following statements: Country Elevator Wheat Overages or Shortages, Crop Year 1952-53; Summary of Records and Statistics Maintained by The Statistics Branch of the Board and Derived Publications.

At 5.50 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m., Wednesday, May 12.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

MAY 11, 1954
11.00 a.m.

The CHAIRMAN: Gentlemen, we now have a quorum. Before going on, possibly we should discuss briefly the question of the next meeting. The notice that you received for today's meeting also mentions meeting this afternoon at 3.30. This was more or less a tentative arrangement. I do not know whether anybody has any objection to meeting this afternoon. If not, after we rise at one o'clock, we will resume at 3.30. With regard to the rest of the week, Wednesday is always a difficult day. We could get this room again tomorrow afternoon at 3.30. Do you think that we should meet tomorrow or wait until Thursday? If there is nothing of particular interest in the House—

Mr. WESELAK: The Japanese trade agreement.

The CHAIRMAN: The Japanese trade agreement tomorrow afternoon. Possibly we could have a meeting tomorrow afternoon. Would that meet with the approval of the committee?

Mr. STICK: What other committees are meeting tomorrow, have you any idea?

The CHAIRMAN: Tomorrow afternoon there is the External Affairs Committee meeting, and a tentative one for Banking and Commerce. Then we will see if we can meet tomorrow. Are some members tied up for tomorrow morning?

Some Hon. MEMBERS: Yes.

The CHAIRMAN: Then we will make it tomorrow afternoon.

This morning, as you know, we are going on with the Board of Grain Commissioners. However, before calling the Board of Grain Commissioners to the table possibly we should go on with this brief. We have in the room representatives of the Northwest Line Elevator Association, the United Grain Growers, the three Wheat Pools of Manitoba, Saskatchewan and Alberta, the Saskatchewan Wheat Pool Employees' Association, and the Interprovincial Farm Union Council. I understand that the Saskatchewan Wheat Pool Employees' Association wish to make a presentation, copy of which you all have in your hands. Mr. G. A. Mills, President of the Association, will present the brief on behalf of the Saskatchewan Wheat Pool Employees' Association. I should add that with Mr. Mills is Mr. R. W. Thrasher, who is secretary of the association. I will now call on Mr. G. A. Mills.

Mr. G. A. Mills, President, Saskatchewan Wheat Pool Employees' Association, called:

The WITNESS: Mr. Chairman, I presume that the members of the committee have copies of this submission and that it is your wish that I read it through in its entirety.

We would like to express our appreciation of the opportunity afforded to us to make representations to this committee on behalf of the employees in the country elevators. In the past, the committee has heard representations

made on behalf of the producers and the elevator companies who are, of course, parties with a vital interest in all aspects of grain handling. In view of the fact that this committee can make recommendations to the House which could change the laws, rules and regulations under which the country grain trade is conducted, and the country elevator operator is the person directly responsible for the conscientious observance of such rules and regulations, we submit it is only proper he also be given an opportunity to make known his views when such laws and regulations are up for consideration.

In light of the growing acceptance of the partnership basis in all industry and the utmost importance to the employees in the trade of any amendments to the law or changes in rules and regulations because, as stated, the employees are the ones who must fulfil the obligations laid on them by law and regulation, the precedence established in receiving a submission made on their behalf, we feel, is proper recognition of their status and will be acceptable to all other interested parties.

In order to facilitate consideration of our submission, we have set out under the various headings the problems which we would like to bring to your attention.

Hours of Delivery

On previous occasions, we have made submissions to the Board of Grain Commissioners on this question.

Section 108 of the Canada Grain Act provides that: "The operator or manager of every licensed, public country elevator shall, at all reasonable hours on each day upon which the elevator is open, receive all grain offered thereat for storage without discrimination and in the order in which it is offered, etc."

Our request is that this section of the Act be amended to define specifically what are reasonable hours of delivery; or the Board of Grain Commissioners make a regulation under this section, specifying reasonable hours of delivery.

For your consideration, we suggest the maximum hours of delivery be from August 1 to October 31—7 a.m. to 7 p.m. and from November 1 to July 31—8 a.m. to 6 p.m.

We would like to emphasize at the outset it is the sincere desire of our members to render the very best and most efficient service possible to the farmers and it is our view that regulation of hours of delivery on the lines suggested would assist in fulfilling this objective and mean a real betterment in the country marketing of grain.

It is recognized the hours suggested are much longer than is generally accepted as a normal working day. However, we fully appreciate, particularly in the fall when harvesting operations are under way, the farmer is subject to considerable pressure by events and mental anxiety as he strives to reap successfully the crop which is his livelihood and the fruition of months of hard work. At this period of the year, it is our desire to do all things possible to assist him. However, the grain buyer or agent has responsibilities as a representative of his employer, to other farmers in the community and responsibilities placed on him by the Board of Grain Commissioners to act in accord with the Canada Grain Act and regulations thereunder. He must strive at all times to grade grain accurately and bin it properly according to grade.

Grading of grain in western Canada is dependent primarily on two things—weight and appearance. The latter means an intelligent and inclusive visual scanning of the sample under daylight conditions is absolutely necessary. Section 35 of the Canada Grain Act specifically recognizes this is a prerequisite to accurate grading of grain. In a fall such as was experienced in two of the

last three years, with a wide variance in the grade of grain delivered, it is not practical to even bin grain under poor light conditions. It is to overcome this hazard we suggest hours of delivery in the fall months should be regulated so that agents are not placed in the position of having to receive or bin and grade grain under adverse light conditions.

It is appreciated in August good light might be expected up to 8 or even 8.30 p.m. but in the latter part of September and October, good light will not extend even to 7 p.m. On the other hand, it was not thought practical to suggest a gradual scaling down of evening hours in the fall months and for this reason, the reasonable mean of 7 o'clock is suggested. A set hour has also additional advantage that people gradually become accustomed to it and adapt themselves accordingly.

It is the belief of our members the only one who gains appreciably by complete lack of regulation of hours of delivery is the commercial trucker, and this to the disadvantage of the small farm operator. Experience has shown it is the commercial trucker who, employing two operators, often wants to haul late into the night thereby filling up space and monopolizing it. The small operator who is carrying on his own harvesting operations and delivering his own grain, cannot extend his hours to the point necessary to compete with the commercial trucker.

We are therefore suggesting regulation of hours of delivery would lead to a much fairer allotment of storage space between the large farm operator and the small farm operator. Two years ago when there was a wide variety of grades many local markets, through cooperation among agents, closed off deliveries at six o'clock in the evening. There was absolutely no complaint from the farmers in the district on this restriction; the only complaints received originated with commercial truckers.

Again, with quotas in effect, it is our belief regulation of hours of delivery would definitely tend to spread space more equitably allowing each farmer to deliver at least part of his quota instead of at present, with unrestricted hours of delivery, where we find a farmer who is close to the delivery point or who can afford to employ a commercial trucker, able to jam his full quota into limited space thereby freezing out the small or more distant farmer.

One must also keep in mind that after deliveries have closed, the agent still has his reports to make up on the day's business and possibly cars to load in order that there will be more space available the following day for more deliveries. With present marketing methods, the amount of paper work which is required in reporting any day's business is considerable.

From the viewpoint of those who must regulate the grain trade and the management of the elevator companies, it should be appreciated that over-fatigue in the fall from extending hours of work due to lack of regulations of hours of delivery multiplies greatly the percentage of errors which will be made in handling and reporting the business conducted. It is not reasonable or logical to expect an agent to take deliveries from early in the morning until midnight or later and then spend a couple of hours making up his reports without multiplying greatly the chances of error.

You will comprehend that for the remainder of the year, i.e., from November 1 to July 31, there is no good reason or any necessity for evening deliveries as in all instances, grain is merely being hauled from bins or granary to elevators. Again, regulation of hours of delivery would tend to allot elevator space more equitably between farmers themselves.

It is also our belief it would be to the advantage of those who must police the grain trade and those who must manage the elevator operations to attract to the trade the very highest calibre of persons, and we submit that some

reasonable regulation of hours of delivery will sufficiently enhance the job so as to make it more attractive to the type of persons who should be employed.

In conclusion, we believe that if those in authority show good judgment and a wise understanding, appreciation of the problems of all segments of the industry, harmonious relations can exist between the various components to the mutual advantage of everyone.

Apprenticeship.

It is the view of the association that certain standards should be established which an employee must meet in order to qualify as a country elevator operator.

The present practice of grain companies hiring an employee, usually first as a helper (where his time is largely devoted to unskilled tasks) and then placing him in full charge of a country elevator with the responsibility of receiving, weighing, grading and binning grain, we feel is a very haphazard approach and detrimental to the best interest of not only the producer and the employee, but to the company itself.

When one considers that a government inspector must spend a considerable period of time on a probationary basis and pass certain examinations before he receives a certificate, it is almost incomprehensible that the man who is directly responsible to the growers in a great number of cases, and financially responsible to his employer, is not given an equal opportunity to qualify himself for his onerous duties.

The occupation of country elevator operator is a unique one inasmuch as nearly all the rules and regulations under which the business is to be conducted are set by statutes or government boards.

With the very best intentions and the highest integrity, an employee is, nevertheless, placed in a very unenviable position when he must assume this responsibility without proper training and the opportunity to fully qualify himself. The vast majority of employees engaged in the country grain trade are people of good character and integrity. When an employee, hired in the haphazard fashion presently in vogue, fails to make good or measure up to the responsibility which is his; there is doubt created in the minds of the producers which reflects on the good character and ability of all the other employees.

The keystone of country elevator operations is the mutual confidence which must exist in light of the reciprocity of interest between the customer and elevator operator. Anything which detracts or is prejudicial to the establishment of this confidence is detrimental to the whole operations of the country elevator system and the marketing of grain through country elevators.

You will appreciate then the very sincere desire of not only our association but country elevator operators in general to see established a system of apprenticeship training to the occupation of country elevator operator.

Many other industries have successfully used a system of apprenticeship training and such programs are vigorously sponsored by the federal Department of Labour.

These industries have felt it necessary and desirable to establish a proper training program and probationary periods for their employee who will assume the responsibility of operating their machines. These machines, of course, represent a capital investment on their part; therefore, they are careful to see that only trained operators use them. It is not incongruous that a similar training program is not considered absolutely essential where the employee is assuming not only responsibility to his employer, but also a direct responsibility to his customer who in turn is largely dependent on the employee for the full realization of the value of the produce he has to market.

In this connection we would like to bring to your attention the findings with respect to country elevator agents contained in the interim report of the royal commission appointed by the province of Saskatchewan under Chief Justice J. T. Brown. In their report dated April 17, 1929 the commissioners say, and we quote:—

We are of opinion that the importance of the elevator agent and his responsibility have not hitherto received sufficient recognition or consideration. We are persuaded that every country elevator agent should, before being allowed to operate an elevator, be licensed by the board; that before being licensed he should satisfy the board of his qualification for the task; that he should be required to carry out efficiently his duties, and failing to do so, that the board should have power to suspend or cancel his licence.

We therefore recommend that the Board of Grain Commissioners be empowered to require all country elevator agents to be licensed under such regulations and conditions as may be prescribed by the board, and that the board have power to suspend or cancel such licence at any time for cause and after investigation.

We would earnestly ask your consideration of our suggestion and can assure you we are prepared to co-operate to the fullest with the employers, the government boards or department concerned in establishing a proper and necessary training period and in setting up the standards of qualification which would be desirable for employees to attain before recognition as bona fide country elevator operators.

Installation of Dust Control Equipment in Country Elevators

You will perhaps be surprised that we raise this question, which admittedly is rather a technical point, before this committee. However, we would like to explain that employees in the grain trade come under the jurisdiction of the parliament of Canada. Provincial governments have provided laws and regulations covering safety and health for employees within their fields of jurisdiction but there are no federal laws or regulations covering safety and health for employees who come under federal jurisdiction.

Admittedly, employees in the grain trade are covered by workmen's compensation laws of the various provinces in which they are located and auxiliary to these laws are regulations designed to eliminate accident hazards.

Provincial Workmen's Compensation Acts do exercise a beneficent effect towards the elimination of accident hazards but there is no provincial act, nor will provincial legislature assume responsibility for enactment or even minimum requirements for the protection of the health of employees who come within federal jurisdiction.

It is possible provincial legislatures are on sound ground inasmuch as the requirement of dust control equipment in a country elevator, for the protection of the health of the operator, might require a structural alteration to a building which admittedly lies in the field of federal jurisdiction.

Regardless of where the responsibility might lie on the jurisdiction question, there was a commendable promptness of action, after the very spectacular and catastrophic explosion in the terminal elevators in 1945, to insist the grain companies take immediate action to install dust control equipment. Because of the lamentable loss of lives and serious injury resulting from the explosion, government agencies had no hesitancy in insisting on remedial action even though such remedial action caused considerable expense to the grain companies. To the credit of the companies, there was a similar lack of hesitancy on their part in complying with the requirements of government regulations and the moral obligations laid upon them by humane consideration.

In country elevators, particularly in the last number of years with the almost universal switch to combine threshing of grain, dust is an equally serious problem. True, no lives have been lost in an explosion but no one will gainsay the serious and deleterious effect of the dust conditions upon the health of the country elevator operator. This has been further aggravated in recent years by the practise of piling grain on the ground and the use of power augers to elevate it into the trucks.

That it has serious and detrimental effect on the operators is illustrated among our own members where we find in the last number of years, capable and experienced agents leaving the grain business because they could no longer tolerate the concentration of dust attendant on the operation of country elevators. Many of these men left under medical advice.

In negotiations with our own employer, we have stressed the necessity of installation of some effective type of dust control equipment. Particularly is dust control equipment needed in the car-loading operations as the dust resulting from this phase, confined as it is to a small space where the operator must work continuously, is the most difficult to tolerate.

While in time our own members will benefit as a result of the work of the association and our own employer, the problem is a common one which affects all country elevators and we would be remiss in our duty to our fellow men if we failed to take this opportunity of presenting the seriousness of the problem to you; in the hope that through your recommendations, the federal government will assume the initiative in seeing that a bold and all-embracing plan of dust control for country elevators is vigorously inaugurated.

The cost of installation per elevator is not formidable and an intelligent program would not place an undue burden upon anyone, but would certainly go far in protecting the health of the country elevator operators who are, in addition to being employees of the company, public servants in the broadest sense of the word.

Not only will the health of those presently employed be protected but the working conditions will be so enhanced that it will be possible to attract the highest calibre of employees to the occupation.

Maintenance of an Equitable Shrinkage Allowance.

There has been for the past number of years considerable criticism of the shrinkage allowance established to cover invisible losses experienced in the handling of grain through country elevators. On a previous occasion when we had the opportunity of appearing before your committee, we attempted to illustrate that with the vast quantity of grain handled, even the smallest margin of error in its accumulative effect could involve a considerable amount of grain. It is absolutely essential that a proper perspective be retained when considering the question and cognizance taken that the marketing of grain involves countless weighing operations performed by a multitude of individuals under varying conditions. Giving recognition to all of these factors, it is astounding the margin of error is so small.

Recognition of the necessity of an equitable shrinkage allowance was established in the exhaustive hearings by the royal commission under the Honourable W. F. Turgeon which reported in 1925, but the evidence produced during the hearing of the commission had been so conclusive that the Board of Grain Commissioners had actually given effect to the principle by their regulation dated November 13, 1923.

The desirability of accuracy in weights was the conclusive arguments for the establishment of an equitable shrinkage allowance. This can best be illustrated by quoting directly from the report of the Royal Commission in 1925:—

"Some question has arisen, however, over the action of the board in applying the shrinkage regulation to cash grain, that is, to grain purchased outright by the elevator. In the past the loss through shrinkage and waste has been one of the more or less definite factors going to increase the spread in price between cash and spot grain. There is doubtless a certain anomaly in allowing a purchaser to take a trifle more than he is paying for in order to insure himself against loss by waste and shrinkage. The more natural course would be to allow him to take this probability of loss into consideration in fixing the price he is prepared to pay, as he has done heretofore. But in the grain trade the weight of expediency is altogether the other way. We are convinced from our own experience that it will be more satisfactory both to the farmer and to the purchaser to see a rule adopted which should ensure accuracy in weights while providing reasonably for a probable loss due to the character of the merchandise handled.

The question of accuracy in weights is, after all, the important question. We have seen how, in the past, accurate weights were not given, the "break of the beam" system being used to deduct some pounds from the actual weight. Whatever may have been said in the past in defence of this method, no excuse can be urged for it from now on, the board having furnished a plan to protect the buyer and the warehouseman."

Distribution of Boxcars

When conditions are normal with a plentiful supply of cars and sufficient space at terminal points to allow the free movement of grain from farm to markets, the distribution of boxcars does not present any problem. But for the past four years these conditions have not existed, and with no proper plan of distribution of cars in effect the rights of the farmer to deliver grain to the elevator of his choice has been seriously curtailed. In our appearance before this committee last year, we endeavoured to show how this mal-distribution of cars was the cause of much of the dissatisfaction on the part of the farmer with the grades offered to him and his treatment by the local elevator agent. When a grower is restricted to one elevator, because of lack of other space on the market, there is possibly created in the mind of some growers a doubt as to whether or not they will receive fair and equitable treatment.

The amount of grain an elevator can handle on the local market in a period of congestion is dependent directly on the number of boxcars made available to that elevator. If boxcars are distributed in such a manner that the producer or majority of producers are denied the right to deliver to the elevator of their choice and are perforce obliged to deliver to an elevator simply because it is the only one with space available, then this maladjustment of car distribution has created a very dangerous situation which could be decidedly detrimental to the interest of the producer for in the minds of some people it is the fear of losing confidence of the producer that ensures an elevator company and its representatives will make every endeavour to deal fairly and equitably with the producer.

In normal years the railways distribute cars to the elevators in accordance with the availability of shipments which are, in turn, determined by the free exercise of choice by the producer. In an ordinary business the railways even in a period of congestion would continue to spot boxcars in accordance with the record of their various customers in the past, anticipating that when the congested period was over, the normal volume pattern would be re-established. In the grain trade, however, the railways enjoy an absolute monopoly and have no fear of retribution if they fail to follow this normal business procedure in allotting boxcars to their customers.

Under present conditions, where there is no car order book in operation, the decision as to which elevator cars are spotted lies in the hands of the

agents of the railway companies; thus in effect, they decide to which elevator a farmer can deliver his grain. Surely, this is a situation that the farmers cannot be expected to condone, and is one that should be remedied as soon as possible. It may be argued that the farmer can correct this by making use of the car order book but under present quotas and methods of marketing grain, the regulations of the car order book have proved cumbersome. At times it was even contended by some to be impractical as proved by the action of the transport controller in suspending its operation, and the excessive amount of work thrown on the Board of Grain Commissioners in explaining and policing its operation.

The monopoly enjoyed by the railways and the unsatisfactory conditions created at the country marketing points makes essential the provision of some other form of control to ensure boxcars are distributed between elevators in accordance with the marketing wishes of the producer.

We believe the simplest and most effective means of achieving this would be for the transport controller to direct distribution of cars between elevators in time of congestion in accordance with the percentage of the market enjoyed by the various elevators during a base period when congestion did not exist. The application of this principle would require consideration being given to any changes in the storage capacity of the various elevators on the market. However, with weight given to this factor, we believe such a system would work effectively and equitably and should there be any major shift in the patronage preference of the producers on the market, this would be readily manifest and the obvious adjustment made.

We would also suggest for your consideration that Section 15 (k) of the Canada Grain Act be amended to provide:—

"The Board shall make regulations or orders not inconsistent with this Act:— In case there is a shortage of railway cars for the shipment of grain, or congestion, governing the equitable distribution of such cars among shipping points and among elevators at the point on any line of railway."

All of which is respectfully submitted on behalf of the Saskatchewan Wheat Pool Employees' Association.

Mr. Chairman, I thank you.

The CHAIRMAN: Now, you have heard the presentation on behalf of the Saskatchewan Wheat Pool Employees' Association. I take it that these recommendations will be taken along with the report as we come to them. If at this stage, however, for the purposes of clarification, anybody would like to ask questions of the witness, such questions will be entertained now.

Mr. ARGUE: Can we go over it page by page in our questioning, Mr. Chairman, or item by item?

The CHAIRMAN: Possibly we could take it item by item.

Mr. ARGUE: That is fine.

The CHAIRMAN: Is it the wish of the committee? Very well. Are there any questions on page 1?

By Mr. Argue:

Q. I think the committee will agree that the brief which we have just heard has been a very thoughtful presentation and that there are some suggested amendments to the Canada Grain Act which deserve consideration. I have every sympathy for the difficulties which the elevator agents must face, and I know that under certain circumstances the hours are very long and conditions very arduous. I notice the recommendation is that a change be made in the law that would set maximum hours from 7.00 a.m. to 7.00 p.m. August 1 to October 31, and from November 1 to July 31 maximum hours to be from 8.00 a.m. to 6.00 p.m.

It would seem to me under present conditions that any discussion of maximum hours is pretty much a theoretical discussion because, as I see the picture, the elevators are very badly congested; the number of boxcars, coming to the elevators is rather small and the elevator agents, if they have a complaint—I know what it is in the area which I know the best—it is that they are not allowed to work sufficiently at the moment, that they are not doing much business, and that they do not know what their hours are. I am sure the farmers say there is no room and no business being done. But I think that in considering the setting of maximum hours there ought also to be some consideration given to the setting of minimum hours. It seems to me that the maximum hours would act as a protection which may be necessary, and I can see a reason for it from the point of view of the elevator agents. Certainly people can be trained to abide by certain hours in which business is to be done, but I would like to ask Mr. Mills if his Saskatchewan union has given any consideration to minimum hours so that a farmer will know when elevators are open and when he has the right to expect them to be open.—A. In setting these hours, it would be done by statute, as the maximum hours in which grain could be delivered. It would not affect other hours of work. In your question, Mr. Argue, do you assume or do you wish us to propose a minimum set of hours during which we must be on the job.

Q. It would seem to me that from the producer's point of view that if he, as a producer, should be prepared to say to the agent that after six o'clock in the evening I will not bother you, and I will not come near you until eight o'clock in the morning, that the agent, or the company and the agent would agree that for a certain number of hours in the day they would be working and the elevator would be open. I suggest there should be some give and take, and if there is to be a maximum, I think there should be a minimum as well. Have you given some thought to that? Or do you consider your maximum as being the minimum too?—A. No, not necessarily, but we would be prepared to set any reasonable minimum.

Q. Such as 40 hour week?—A. Oh, I think we are prepared to go further than that. I think we would be quite content with a 48 hour week at the moment.

Q. If I were faced with the question of voting on this in the House, I think I would have to give it my very best consideration possible. But it seems to me that this is not the very best way. It may be the only possible way but I do not think it is the best way for any organization to arrive at a point where those hours are fixed. I would prefer and I think the union would prefer that the matter of hours be points for bargaining, with their employers, or points for negotiation, or points for agreement as their organization endeavoured to obtain a maximum work week of a given number of hours.

By Mr. Bryson:

Q. I might ask Mr. Mills a question: is it not true, speaking from my experience of the elevator agents in my particular town, that they are carrying on similar to the hours you suggested as a kind of gentlemen's agreement just worked out freely. I can hardly agree with your statement that the only people who complain are the truckers. I thought that the farmers complained too; but we must remember this—and I think that many farmers appreciate it—that it is pretty hard to grade combine grain when the sun goes down; and I think you would have to recognize that this is true. But do you find, by and large, that the hours which are being set now fairly successfully in those towns by the elevator agents getting together and deciding on the hours.—A. That is correct; in our local conditions where the hours are being set by the agents, there is mutual agreement between the agents themselves and it is working very successfully at the moment because, as Mr. Argue, pointed out, there is no heavy rush of grain to market; but it is a temporary agreement and it is

very liable to collapse the minute we get back to normal conditions and that might happen at any time. Therefore in asking for regulation as to hours of delivery of grain we are not only attempting to protect our own members but are protecting or trying to protect the interests of the farmers who, we believe, do not get a square deal when their grain is delivered under bad light conditions.

By Mr. Stick:

Q. What arrangement have you made now? Are you working under an arrangement with the elevator companies as to hours of work?—A. The elevator companies have no policy at all in connection with the hours that their agents work.

Q. What hours do you work?—A. At the moment we work all kinds of hours. There are no regular hours set in the grain business at present.

Q. In your opinion, and according to your brief, the only way to settle it is by means of statute. Is that the idea?—A. Or by regulations of the Board of Grain Commissioners, who have the power to do it.

Q. Then you would have no power to change it once it was done by regulations of the board?—A. No; the only way would be by the Board of Grain Commissioners. They would be the only ones who would be able to change it.

By Mr. Struder:

Q. Your hours are now mostly determined by the weather?—A. Yes.

Q. It could get to a point where the elevator agent would be asked to open up at 12 o'clock at night?—A. That is right.

By Mr. Argue:

Q. What has your union done to obtain better working hours on its own account?—A. We have made recommendations in the past to the Board of Grain Commissioners in regard to this question but never with any success.

Q. Do you not sit in with your employers periodically to discuss this and any other problems affecting your conditions of work?—A. We have discussed the question with our employers and they are in sympathy with us. However, you must remember that they must follow the practice of other companies involved in the grain business and that those other companies have to this date, taken no action in the matter.

By Mr. Castleden:

Q. I take it that your employers would endorse this recommendation?—A. I think they would endorse it in the main.

By Mr. Zaplitny:

Q. Are these suggested hours based on a six day week or a five and a half day week or what?—A. Yes, on a six day week, and they work out to a twelve hour day, so you see it is not a big thing to ask for.

The CHAIRMAN: Are there any more questions on "hours".

By Mr. Dinsdale:

Q. Would the marketing of a large quantity of grain in the shortest possible space of time involve the employment of extra employees? Does that problem not arise in negotiating with the companies?—A. No; it would not mean any extra help to handle that amount of grain. The elevators can handle all the grain as fast as it is delivered to them. It would not require any extra hours, and I do not think it would increase the costs of the company one little bit.

By Mr. Castleden:

Q. Is it not true sometimes that boxcars are delivered at the elevators in large numbers and that the elevator agent has to work all night?—A. Oh, yes; we would still be working 24 hours a day, even if you put this into effect.

Q. It would still be a matter of negotiating an agreement between you and your employers?—A. As far as the hours of work are concerned, that is, other than hours of delivery.

By Mr. Argue:

Q. Do you not think that if you could get an agreement with the Saskatchewan Wheat Pool, which is farmer owned, whereby your employees would have a certain maximum week? With the prestige of the Saskatchewan Wheat Pool, as it operates the largest grain firm in Saskatchewan, it would develop an influence on the grain business generally which might result in an agreement as to a reasonable length of time? Would this not set a pattern for the industry and you would benefit immediately from it? It seems to me that could be the only logical result. There should be some reasonable hours for the elevator agents, and I do not blame them for fighting for more reasonable hours; I think they have a good case. But personally I think the way to do it is to do it through means of ordinary collective bargaining. Could you not get a pattern established which would get you this result?—A. The Board of Grain Commissioners has given consideration to the question and has attempted to help. They met with the representatives of the companies involved but without success, without any success whatsoever. However, to ask one company to impose a certain set of hours would be rather unfair as it would place them in a poor competitive position with respect to the others.

Q. That sort of complaint has been applied to many industries over a great many years. But I believe you could get the sympathy of the majority of your customers, the producers of grain in western Canada towards giving you some reasonable working hours provided that in exchange for limiting, or placing a limit on the maximum hours, the producers knew that the elevator companies would be open for business for a certain definite, stated period of time and on certain days. We all know that the situation now is that the elevator man, by and large, most of the time has not too much to do; neither has the farmer too much to do in the wintertime; and the farmer does not know where the elevator agent is and the elevator agent does not know where the farmer is. If the farmer goes into town he has hunt for the elevator agent; and it seems to me that the least likely place to find him is in the elevator because he would have no reason to stay there all alone when he can go down town and talk to some of the customers. I think your case is a good one and I think that the producers would be willing to see some maximum hours established, provided there was some agreement accorded to them in exchange.

By Mr. Mang:

Q. I notice on this question of the maximum hours of delivery that you have divided the time into two sections, one period from August 1 to October 31, 7 a.m. to 7 p.m., and the other period from November 1 to July 31 from 8 a.m. until 6 p.m. It seems to me that there is a period there that extends over a good many months in which there is a lot of daylight, and that is from May 1 to July 31; it is still daylight at half past eight, and if you are on fast time, it only furthers it.

Would that not restrict deliveries perhaps unnecessarily? Let us say there was another period in there from May 1 to July 31. Let us say that

after six o'clock the farmer usually would have quite a bit to do. It is true that you may have a certain definite closing hour which may be six o'clock p.m., nevertheless in the grain business, in the handling of grain, human nature enters into it very largely and the farmer may decide that he wants to take in a load at seven o'clock or eight o'clock in the evening when the sun is still high in the sky. He will say it is a clear night and why should you close down at six o'clock, and that he should be able to haul another load because the next day he is going to be doing that and that. Perhaps he should not be doing that and that tomorrow, but he feels that he wants to do it. The human element enters into the handling of grain, and I think it is one of the most important things with regard to establishing confidence in and preference for an elevator or an elevator man and all that sort of thing. Has your committee considered breaking that last long period into two periods let us say from May 1 to July 31?—A. No, we have not because at that period of the year in the summertime there is no pressing need for the farmer to deliver grain after six o'clock. The only period in which we have long hours is in harvest time when he is actually engaged in harvesting grain and possibly has to dispose of it; so we give him the preference then of delivering after six o'clock. It would seem to us entirely reasonable that an elevator should shut down at six o'clock along with all the stores, the post office, the railway station and everything else. We do not see any reason that an elevator should be made an exception and made to stay open half the night. It might be all right in the case of one individual farmer who says that he would like to come in at seven-thirty; but it might well be that the next night another farmer gets the same idea and wants to come in let us say at nine o'clock, and the result would be that you would have to stay open at all hours if you did not set some limit. You should not ask the elevators to stay open after six o'clock. I think it is quite reasonable that we do so during the harvest time, but I do not think the hours should be extended after the harvest time.

Q. If we thought that the hour of six p.m. was a good one, the matter would have to be made statutory by means of regulations?—A. That is right.

Q. And you would simply say: the stores close at six o'clock and the elevators close at six o'clock. It would be a matter of educating the farmer out of his hours of work, be it a 70 hour week or whatever might be his custom to work. Do you not think it would cause some difficulty, although it could probably be done?

By Mr. Yuill:

Q. I do not think it would create a very serious problem. For example, the farmer has to go into the bank and he knows that the bank does not stay open until six o'clock. He knows the bank closes at three o'clock. And the same thing with respect to the retail trade. The farmer would do his shopping early in the week-end knowing very well it would be no use to hang around town all day and then come in at the eleventh hour and ask the stores to stay open, because they would feel that they had the same special privilege which you are suggesting in this scheme. However, I think it is a matter of education and I do not think anyone would suffer in any way as a result of this disciplining.

The CHAIRMAN: Are there any more questions on "hours"? If I might be permitted I should like to make one comment. I take it that the period from August 1 to October 31 is the one in which the harvest is shipped in?

The WITNESS: That is right.

The CHAIRMAN: Well, your date of October 31 in Manitoba would be rather late because in our part of the country the major part of the crop would be already harvested by August 1, so this would have to be adjusted according to provinces.

By Mr. Johnson (Kindersley):

Q. What would be the condition when the elevator agent stays open beyond the seven o'clock limit, supposing such a requirement was imposed by statute? I have in mind, for instance, a farmer who might start out to the elevator but through suffering a break down of his truck on the way he does not arrive until very much later than seven o'clock. Would it be possible for the elevator man to take his grain in such a situation, when there was a real necessity?—A. I realize that there would be a rule, but after all, your elevator man is an accommodating sort of chap and when a case of emergency arose I do not think he would be penalized by the Board of Grain Commissioners for breaking a rule. I think he would still take in grain.

Q. I would like to see a little lee-way given on the part of the elevator agent.—A. Surely.

Q. That is fine.

The CHAIRMAN: Now, let us turn to page 3, "apprenticeship". Are there any questions on apprenticeship?

By Mr. Dinsdale:

Q. In the section previous to this one some emphasis is made in the brief on the necessity of enhancing the appeal of the job to potential employees. Do you find that it is difficult to attract suitable employees to the work of elevator operator at the present time?

The WITNESS: Yes, we do. I do not believe that we are getting the best type of men into our employment.

The CHAIRMAN: You mean as good as you would like?

The WITNESS: That might be better, Mr. Chairman.

Mr. ARGUE: How would the system of apprenticeship training encourage people to go into the position who are not otherwise encouraged to go into it now?

The WITNESS: It would give the position a status that it does not enjoy at the present time, and it would prevent the taking in to the position of unqualified men.

By Mr. Mang:

Q. Would you suggest any definite period of apprenticeship? I understand that the practice now is to take a man in and if the superintendent and elevator man agree that such a man would make a good grain buyer, they take him in and gradually break him in. It is a haphazard method, I admit, but do you feel that it has not worked satisfactorily?—A. The present method is a haphazard method. We are suggesting that we should have a period of apprenticeship. The period could be arranged through negotiation with the other interested parties to arrive at a reasonable time, and at the end of that time he should be able to qualify for a certificate from the Board of Grain Commissioners.

Q. As a qualified grain operator?—A. As a qualified grain operator, that is correct.

Mr. CARDIFF: Do all these elevator men work at the same level?

The WITNESS: No.

Mr. DINSDALE: There is no fixed salary schedule for elevator operators?

The WITNESS: Our own company, which is the only one I can speak for at the moment, have a fixed salary schedule negotiated with the union. I cannot speak for the others.

Mr. STUDER: Negotiated with the union?

The WITNESS: That is correct.

Mr. CARDIFF: Does your salary increase with experience?

The WITNESS: No, our salary usually is on a handling basis. The amount of grain handled controls the amount of salary paid.

Mr. STUDER: This car allotment business would affect their salaries?

The WITNESS: Certainly it does.

The CHAIRMAN: We go on to page 5, "Installation of Dust Control Equipment in Country Elevators".

By Mr. Castleden:

Q. Has your organization gone into the cost of adequate equipment to do this work?—A. Oh, yes. In conjunction with our company, we have experimented with various dust control equipment, and we think that the cost now to put in adequate dust control equipment would not be too high.

Q. Have you any estimate of it? Have you received any estimates from contractors?—A. They vary from \$500 to \$1,500 per elevator, depending on the type of elevator. Some elevators would require different equipment from others.

Q. Would that take care of your dust problem within a car during the time you are loading?—A. Yes.

Q. It is an air-pressure set-up?—A. Yes, it sucks the air out of the elevator.

Mr. MANG: I think that that submission is in line with the modern trend in industry. Factories are doing the same thing. Mines are installing such equipment. I think that this is a recommendation that is long overdue. I have friends of mine who have had to quit the grain handling business broken in health, just on account of the terrific dust problems. Sometimes by the time they are through loading cars you can hardly recognize them as human beings.

By Mr. Forgie:

Q. What is the injurious effect? Is it similar to silicosis in the mines?—A. Yes, similar to that.

Q. Are there examinations held regularly to examine the lungs to see if they are in the primary or secondary stage?—A. No.

Q. Have you had any employees sent to hospitals because of the injurious effect of dust?—A. I would not say many, but we have had employees who have had to give up the business and go to hospital through the effects of dust.

Q. In any situation that arises, does the Workmen's Compensation Act apply to these employees?—A. Only when dermatitis can be proved.

Q. Who takes charge of the compensation?—A. The provincial government.

Q. With the consent of the dominion government?—A. That is right.

By Mr. Harkness:

Q. Do dust masks counteract these effects?—A. There are dust masks that can be used.

Q. Supplied by the pool?—A. Supplied by the company.

Q. That is my understanding. How effective are they?—A. Not very satisfactory in practical operation.

By Mr. Stick:

Q. Have you asked for medical research into this?—A. Yes, we have taken the question up with the Workmen's Compensation Board in the province.

Q. Has anything been done on the matter?—A. Only that they have recognized dermatitis as a disease for which they will compensate.

Q. Other medical research has not been gone into?—A. Not to any great extent.

Q. Have you made representations?—A. Yes.

Q. What reply did you get? I think you could take that matter up with your employers.—A. The reason that we bring this before you is because under the Canada Grain Act you give the Board of Grain Commissioners power over structural alterations to both country and terminal elevators.

Q. Have you any statistics on how many men—A. Section 15 (y) of the Canada Grain Act.

Q. Have you any statistics of the disease that might have been caused by that?—A. No, we have no figures to show just how many suffer from the effects of dust. They would be very hard statistics to get.

Q. You really want medical research to get that.

Mr. JOHNSON (*Kindersley*): It is obvious that the conditions in country elevators, along with the unhealthful aspect, are very unpleasant when there is a quantity of dust around that accompanies grain that is lifted off the ground or grain that has been stored for a period of time. I do not think that there is any question that pressure should be applied to have dust control equipment in country elevators.

The CHAIRMAN: "Maintenance of an Equitable Shrinkage Allowance", on page 6.

Mr. HARKNESS: What do you consider an equitable shrinkage allowance?

The WITNESS: For quite a number of years we had a shrinkage allowance that was very high, more than one-half of one per cent. As long as it was in effect we did not have any difficulties regarding shortages in elevators. When it was reduced to one-quarter of one per cent by the Board of Grain Commissioners, we ran into a situation where we had a large number of agents coming out short. So we estimate that something in the neighbourhood of one-half of one per cent is necessary in order to give us proper protection.

Mr. ARGUE: When was the reduction made?

The WITNESS: 1949.

Mr. HARKNESS: Is it not a fact that there has been considerable overage for quite a number of years which, of course, is due to the shrinkage allowance and dockage allowance?

The WITNESS: At the present time the situation is that owing to the condition of elevators it is very difficult to take a proper cut-off.

The CHAIRMAN: I think that this is the type of question probably that could be taken up when we reach the section that has to do with the operation of the board. I do not think that Mr. Mills should be asked to answer that question.

Mr. HARKNESS: The only reason I bring it up is that the elevator agents want a larger shrinkage allowance to protect themselves against any shortage which is in a particular elevator. The actual fact is that there has been an overage this past year of two million-odd bushels to the elevators as a whole. Therefore it does not seem to me that it is a very reasonable proposition. The farmers as a whole, I think, would like to see the shrinkage and dockage cut down rather than increased, and the fact that there is this large overage would indicate that the farmers have a good point.

Mr. CASTLEDEN: We know that in the pool elevators any gain goes back to the farmer to a large extent. We are dealing with pool employees here.

The CHAIRMAN: Would the witness have any comments on that?

The WITNESS: You are referring to the two million overage shown by the Wheat Board. There is no shortage shown there which might offset that overage, and also that overage is an estimated figure.

By Mr. Studer:

Q. In your opinion—I believe it is intimated here—would you prefer to have it through your organization that that shrinkage be absorbed in the price, rather than a set figure?—A. No, a definite shrinkage set.

Q. Is there a variation in shrinkage in regard to different grades? Supposing you have damp wheat?—A. In the case of damp wheat you require more shrinkage.

Q. Is it stipulated that you shall take more shrinkage on account of damp grain?—A. Yes.

By Mr. Mang:

Q. Mr. Chairman, is there a definite figure as to shrinkage, as between damp grain and dry grain, or is it left to the judgment of the operator?—A. The shrinkage allowances are set by the Board of Grain Commissioners.

Q. If the shrinkage allowance is not reasonable enough, the elevator operator, to protect himself, has the possibility, or maybe I should say the tendency, to use the pencil in a quick way and get a little more in with the “break of the beam”?—A. That would be the danger if you did not have a shrinkage allowance sufficient to take care of this normal loss in weight.

Q. I mean, it is possible for an elevator agent to protect himself. A pencil may slip to the extent of 100 pounds, and if the shrinkage allowance were reasonable it would not be happening the same.

MR. STUDER: Why would you not be partial to having the shrinkage absorbed in the price rather than having the responsibility on the elevator men to determine that, whether they would have an overage or underage? One would imagine that you would wish to be relieved of that responsibility and give the accurate grade, where no one would be tempted to use the pencil. By using the pencil is meant when you move the weight on the scale. They usually use their pencils to move it.

MR. MANG: Also on a sheet of paper.

MR. STUDER: Not so much on a sheet of paper. Why would you not be partial to that, which would eliminate the responsibility from you and place it on your organization or company?

MR. ARGUE: Do you want to legalize robbery?

MR. STUDER: That would not be the effect.

THE WITNESS: I think that that was covered by the quotation from the royal commission which is on our brief at the bottom of page 6. The reason for establishing a reasonable shrinkage allowance is given there.

MR. JOHNSON: (*Kindersley*): I notice that the title of this section is “Maintenance of an Equitable Shrinkage Allowance”. You want to maintain it as it is. In other words, the present allowance is satisfactory to you?

THE WITNESS: Since the present shrinkage allowance was put into effect there have been very few cut-offs taken in elevators. Until we find out from practical experience how the present shrinkage allowance is working, it is a little difficult for us to say whether the present allowance is equitable or not. In other words, we make this representation in an endeavour to see that it is not set too low.

MR. ARGUE: Is it not a fact that while this shrinkage allowance has been in effect, where information has been published by the Board of Grain Commissioners for country elevators, overages have appeared in twice as many cases as shortages?

THE WITNESS: Not according to our last year's figures.

MR. ARGUE: I would ask you to look at the report of the Board of Grain Commissioners, on page 13.

The CHAIRMAN: Here, again, I am afraid we are going to get a long way off if we start referring to the report.

By Mr. Argue:

Q. I do not want to discuss the report. Here is a very important submission to this committee asking us to consider whether the present shrinkage allowance is equitable. Perhaps it might be inferred that there is a suggestion that it be increased to some extent. I am saying from the information that the committee now has that there is an overage in twice as many country elevators as there is a shortage, and if that statement is not right I would like it corrected. That is as I read it.—A. You are referring to page 13, Mr. Argue?

Q. Yes.—A. It says that 640 elevators reported shortages in 1952-53, and 893 overages of less than .25 per cent.

Q. That is right.—A. It would be a very normal situation with the 893 elevators. It is the 640 that we are worrying about. That is a tremendous number.

Mr. ARGUE: With reference to the 1,359 that had overages, the producer lost that. The overages of less than .25 per cent, of which there are 893 elevators, could be just about the right amount, and I am not disputing that. The shortages in 640 elevators are not broken down, so that we do not know how many of those shortages are just under the .25 per cent. Then I would say that it should also follow that anything less than .05 per cent shortage is not something as to which the company could make any great complaint. We do not have it broken down to that extent. The figure for shortages is 640, and I would say, on the basis of those figures, without other information, that the shrinkage allowance must be reasonably satisfactory.

The CHAIRMAN: Are there any more statements on that?

Mr. DINSDALE: On the basis of your experience, how much of this overage problem would you say is created by some of the things you mentioned earlier in the brief on unfavourable working conditions, fatigue, unqualified operators, and so forth?

The WITNESS: I would say that where an excessive overage is shown it might be caused by these factors. A tired man, of course, as you know, can make many mistakes. Working under bad conditions also increases the number of mistakes which can be made, and so you have a tendency there perhaps to increase the number of mistakes which might result in overages or shortages. As I tried to show last year this 200 million figure that he has talked about as an overage is not excessive when you consider the huge amount of grain that we had and the very large number of weighing operations that go into taking in all that grain.

The CHAIRMAN: Shall we go on to the discussion of "Distribution of Box Cars"?

By Mr. Zaplitny:

Q. I have another question on shrinkage. What happens if there is a shortage, as far as the relationship between the company and the agent is concerned? Is the agent made responsible for that shortage or how is that adjusted?—A. The agent is held responsible by the bond companies. He is bonded, and immediately he has a shortage he becomes liable under that bond, but they have to prove an actual defalcation to some extent or another.

Q. If the shrinkage is caused by evaporation or leakage or wastage, the agent is not held responsible personally, of course, for that shortage?—A. No.

Mr. STUDER: If they have no overages, do they get promoted to superintendent?

The CHAIRMAN: We go on to the discussion of "Distribution of Box Cars", on page 7. Are there any questions?

By Mr. Argue:

Q. I was interested in the submission on the distribution of box cars. I think that the problem of the distribution of box cars is at the root of a great many other problems that we are now faced with in the handling of grain. I have noted the suggestion made by the Saskatchewan Wheat Pool Employees' Association in regard to making the distribution of box cars on the basis of some normal base period. I wonder if Mr. Mills could give me any information at all on the thinking that went into the making of a proposal or proposals for a better distribution of box cars? I was under the impression that this suggestion here, while it may be a reasonably good suggestion, was not considered by the Wheat Pool and by your association, perhaps, as the best possible solution under all circumstances, but rather that other alternative solutions and perhaps this one at the same time were proposed and that this became what is in effect a compromise solution. Is that correct or is that not correct?—A. We arrived at this idea through holding meetings among our agents out in the country, and from the concensus of opinion we received from them we formed our final conclusion.

Q. Could you tell me about what time you arrived at this final conclusion?—A. Last fall some time. We held our meetings last fall. We would not have the results from this meeting before September, I should think.

Q. Do you know that your grain company has made representations to the Board of Grain Commissioners along this line or whether it has in fact made representations with a different proposition?—A. I am afraid that I cannot give you information as to what representations the company has made. I do not know.

Q. You do not know?—A. No.

Q. You are asking here that the distribution of box cars be made on the basis of a base period, is that correct?—A. That is correct.

Q. I can see that that would be an advantage to the co-operative elevator associations, because in a base period—from the information I have there was some competition. The pool handled a larger percentage than it is handling today. In arriving at the distribution of box cars, do you envisage a percentage that will be given to the various elevator companies as a system, or is your formula based on each individual marketing point, and do you want to distribute them at that marketing point on the basis of the experience and the percentage of handlings at that point in a given base period?—A. At the point.

Q. Well, I think myself that that would be preferable to doing it from the elevator system as a whole. If you did it on the basis of each individual point, and on the basis of past history, do you not think that there is a good deal of room at a good many points for serious dissatisfaction with any formula such as this? Here is what I have in mind. Supposing that you take a specific point where elevator company A in your base period handled 85 per cent of the grain, and there are many points like that, and elevator company B 15 per cent of the grain, but because of changes in personnel and because of other factors—perhaps changes in the thinking of farmers, their attitude to elevators and so on—that that percentage now, on the basis of what the farmers would do in an ordinary year, has changed from 60 to 40. Do you not think that the formula that you are proposing based on individual marketing points is still a rather rigid formula and does not allow very much flexibility, and for that reason is likely to cause some dissatisfaction? We know that there is a good deal of it now and we think that it would be less. Do you not think that there would be some dissatisfaction coming out of this formula?—A. I do not think that there would be very much. I do not think that any system you could think of would be perfect, but I think that this would be a great improvement over what we have at the present time.

Q. I am willing to agree with the statement that this would be an improvement, because you could do almost anything and it would be an improvement over the present method. But would it not be a great deal better if the farmers themselves decided at a certain time of the year where they wished to deliver their grain for that year? What you are saying is that you will go back five or six years and on the basis of what farmers did five or six years ago you would do the same today. Would it not be better to ask their opinion as to what they wanted to do today and formulate a system of box car distribution based on the wishes of the producers now? —A. You would still run into the same problem, in that they are liable to change their minds next week or next month or six months from now. You would still run into the same situation.

Q. The average person changes his mind more in six years than in one. Is that not reasonable? The information I have is that there have been other proposals made. I think that your proposal should be given consideration, but I think other proposals by people very well acquainted with the grain business have been made, and I think that there is at least one—if not two—alternative which I would think, as a matter of opinion, would be preferable to this one.

Mr. HARKNESS: My point was really the same as Mr. Argue's, that is, not to put complete rigidity into the matter. This would fix a pattern, and no matter whether this was put in as a definite requirement or not, it would put the whole grain business in a situation where box cars could be delivered only at certain places and in certain proportions, no matter what the amount of grain happened to be in that elevator, or what amount of grain it was necessary to move at that time. It would make it so rigid that it would be extremely difficult to carry on orderly marketing.

The WITNESS: You could get away in part from the rigidity by revolving your years.

Mr. MANG: Did meetings of your organization give any consideration as to the length of this base period—say, three years, five years or seven years—upon which you would establish your delivery of box cars to a point?

The WITNESS: We would consider a five-year period as reasonable.

Mr. CASTLEDEN: What do you estimate has been the loss in your business as the result of the present distribution of box cars as compared with, say, a free delivery period?

The WITNESS: You mean, over the whole organization or at an individual point?

Mr. CASTLEDEN: I mean over the organization in which you as employees are interested.

The CHAIRMAN: I think that that would be a question for the company.

The WITNESS: The company could answer it better than I could. It is quite a large volume.

By Mr. Castleden:

Q. I think that the figures show a drop from 50 per cent of the business, which they held in 1949 down to the present year of about 43 per cent?—A. That is right.

Q. What is the percentage of the business you estimate you could handle if you had free delivery?—A. In the neighbourhood of anything from 53 per cent to 58 per cent.

Q. That loss would represent roughly about how many bushels?—A. A loss of 10 per cent would be 10 million on 100 million. 200 million in handling would mean a loss of 20 million.

Q. Your wages are paid on the basis of your handling?—A. That is correct.

Q. If you did establish a quota based on one of these periods for the delivery of box cars, would that not eliminate all competition and make everything rigid, so that further progress towards a larger percentage of handling by the pools would be eliminated? Is there danger of that?—A. No, I think it would solve the problem, in that the farmer would have a better opportunity of delivering to the elevator of his choice.

Q. But it would prevent more and more farmers wishing to deliver perhaps to your organization from being allowed to do so?—A. That is correct. The rigidity would work both ways.

Q. But at the present time it is only working down.

By Mr. Studer:

Q. In all probability, following what the gentleman stated, it would keep you at 50 per cent?—A. That is correct.

Q. If it was averaged over the five years. What I am interested in is this: is your proposal the result of the experience of the Wheat Pool committees throughout the country?—A. Not the Wheat Pool committees; our own employees.

Q. I imagine, based somewhat on their experiences as to what they think would be suitable to the people?—A. That is right.

Q. What I was interested in was your remarks on page 7, in the second last paragraph, about the railways distributing the cars. If this is correct, it would leave the impression with me that there should be some changes in the Railway Act because, irrespective of what your proposals are here, it would leave the impression that the railways have it within their right. Reading the last sentence in that paragraph: "In the grain trade, however, the railways enjoy an absolute monopoly and have no fear of retribution if they fail to follow this normal business procedure in allotting box cars to their customers." If it remains within their right, irrespective of where those cars are allotted by the controller, to distribute those cars in each point, I think that that would have to be one of the first things to be corrected. I know from experience, and from knowledge of agents in various parts of the country, that they have a great deal to do with this distribution of box cars. I know that certain agents have influence throughout their organization so that they can become effective, very much so, in making it possible that some points have more cars than others. It would seem to me that if we are going to get on a basis of having means available to everyone at every point something will have to be done in this regard, if this brief as it reads here is correct—and I would be inclined to think that it is. What would be your suggestion? Supposing that what you advocate here would be brought into operation, would this other situation not continue to exist?—A. It could not exist once the transport controller took action and gave the railway companies instructions as to how they were to distribute the cars.

Q. I understand that they now have those instructions from the car controller as to how to distribute those cars.—A. No.

Mr. HARKNESS: Is this not the whole question that we will have to go into with the other witness?

The CHAIRMAN: Yes, the transport controller is here and anxiously awaiting his turn to clarify this whole position of box cars.

Mr. ARGUE: Before Mr. Mills leaves the stand, what has been the experience of the Wheat Pool organization over the years on the percentage of handlings? Has the trend ordinarily been to get more business, or has it increasingly had a more difficult time getting its business?

The WITNESS: In proportion to the increase in congestion, the amount of business has decreased.

Mr. ARGUE: I do not think that I made my question clear. Taking the long-term history of the Wheat Pool, and comparing normal periods to normal periods, when there is competition, as time has gone on what has happened to the competitive position in the Wheat Pool?

The CHAIRMAN: You are talking of one pool.

By Mr. Argue:

Q. The Saskatchewan Wheat Pool.—A. They have tended to increase the percentage.

Q. Would you see any reason in normal periods—not now but in normal periods of time—that that trend might not continue?—A. It is a hypothetical question.

Q. You believe in your organization, and I believe in it too. Are these ideas going to gain favour or lose favour in the future?—A. I would say that I would hope they are going to gain favour in the future, but I cannot make a statement as to whether they are or not. It is a hypothetical question and it is hard to answer.

Q. Nobody knows, but I am convinced that if you had normal competitive conditions in the future there would be more and more producers in western Canada patronizing their own elevators, but the suggestion that you are making to this committee, if it becomes law, stops that from happening.

The CHAIRMAN: That is a matter of opinion.

By Mr. Argue:

Q. One gentleman is shaking his head. If you freeze the Wheat Pool to a fixed percentage of box cars, that is where it stands. How can it change?—A. This suggestion of ours is a temporary expedient for an abnormal situation. We are not suggesting it as a permanent remedy for all our troubles, but we do suggest it as an immediate temporary expedient for clearing up the situation as it exists today.

Q. But it would be as temporary or as permanent as the present congestion lasts, so that it is called temporary but it looks fairly permanent. You expect it to be in operation next year? It is an operation to correct the present situation. It is something you expect to be in effect next year?—A. Yes.

Q. So for the period it is in effect it freezes the hands of your organization.

Mr. CASTLEDEN: I have one question. Could your Pool agents have handled the 52 per cent or 58 per cent of the grain even in this congested year, if you had been allocated the box cars?

The WITNESS: Yes.

Mr. CARDIFF: Do you think that the congestion next year will be improved?

The WITNESS: I am afraid that I cannot answer that. I would prefer that the transport controller answer that.

Mr. MANG: To what extent would the marketing conditions affect the allocation of cars? For instance, the Wheat Board has an order for No. 3 or No. 5 wheat, and a certain elevator at the point has not the cars available and the board is anxious to have that No. 5 because it has a sale for it. To what extent would that influence it?

The WITNESS: The Wheat Board would always have that authority to step in and get the type of grain it required, but immediately your shipping got back to normal your relationship of cars would be readjusted as between elevators. We will take an instance where there was an elevator that had 10,000 bushels of No. 6 wheat that the Wheat Board wanted. They could get that wheat out, but the five cars used to move that wheat could then be adjusted in the next allotment of cars to that station so as to bring his earlier percentage up to what it should be.

The CHAIRMAN: Does that complete the brief? I want to thank Mr. Mills for his presentation, on behalf of everybody in the committee. I see now that it is almost one o'clock, so I presume that it would be the wish of the committee to adjourn till this afternoon at 3.30. Then we will go on with the presentation of the Interprovincial Farm Union Council.

AFTERNOON SESSION

The CHAIRMAN: Gentlemen, we now have a quorum. I think we agreed this morning that we were to meet tomorrow afternoon at 3.30, and we now have the same room, No. 430, for that time. I apologize for saying this morning that we would go on with the presentation of the brief of the Interprovincial Farm Union Council. Unfortunately there has been a change, and instead we will go on with the Annual Report of the Board of Grain Commissioners for Canada. Are there any other questions before we go on with the report?

Mr. FORGIE: Would it be possible to have Doctor Dimmock of the Central Experimental Farm come to the meeting in connection with the development of the soybean in Canada? I am an easterner, it is true, but soybean acreage last year was 216,000 acres, and in 1934 it was around 1,500 acres. On Pelee Island, 400 bushels of soybean were sent over and brought in a return of \$320,000 last year. I feel that the soybean is something that probably should be given more prominence, and I think that Doctor Dimmock, who is an authority at the Central Experimental Farm, could be called to this meeting sometime to discuss this matter and the possibilities for development of this rotation crop in other sections of the country. They have been growing it in Manitoba for a very little time—not a large acreage, but I think it is a matter of interest to all the farming community. I would like to see him come before the committee for discussion on the subject.

The CHAIRMAN: Personally I think that there is much merit in the suggestion. I was just wondering at the moment if our reference was broad enough. I believe it is. The report does deal with soybeans indirectly, or it is mentioned in the report, so I daresay that it could be brought in. It might be a good idea to have an expert from the department, and I am sure that the Department of Agriculture would co-operate to that extent. Possibly we could discuss this at the steering committee and come to a conclusion there. Would that be agreeable?

Agreed.

Mr. ARGUE: Mr. Chairman, we were expecting to hear the farmers' union today and we know from looking at their brief that most of it is in regard to the report of the Board of Grain Commissioners. I wonder if the commissioners will be available to the committee at a future session for questions stemming out of the farm union brief, because last year we had the farm union first and then we had the problems raised in their brief, and then we had the Board of Grain Commissioners. It seems to be backwards this time.

The CHAIRMAN: I think that you can take it for granted that the Board of Grain Commissioners will still be here. Definitely they will still be here when the other representations are made. It is just a matter that it is being delayed for today and it may not be able to be given on Wednesday because of other unforeseen circumstances. They will likely present their brief on Thursday morning at eleven, so they will more or less present their brief while we are discussing the report.

Mr. ARGUE: And we can have the commissioners again perhaps?

The CHAIRMAN: Oh, yes. So I will call on the commissioners. We have here the chief commissioner, Mr. D. G. McKenzie, Mr. J. Vallance, commissioner, Mr. Roy Milner, transport controller, Mr. Rayner, who is chief administrative officer, Mr. Dollery, who is chief grain inspector, Mr. Hlynka, who

is secretary, and Doctor Anderson, who is chief chemist. I am sorry that the commissioners naturally, like all of us, expected after the discussion this morning that they would not appear until tomorrow morning, so that they had to rush and get their documents just before the meeting. However, I think that we can go on now with the report, so I will call on Mr. McKenzie to deal with the report. I think that we will follow the usual procedure that we followed with the Canadian Wheat Board, and that is to deal with it section by section and leave it to the chief commissioner to deal with the sections one at a time as we come to them.

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners, called:

The WITNESS: If you do not mind, I would like to stand up till I get you all located. Mr. Chairman and gentlemen, may I first say to you how much my colleagues and myself appreciate the opportunity of discussing with you the report of the Board of Grain Commissioners for the past year. You will notice that we are not in any ordinary formal way presenting a brief, but we are presenting to you for consideration our report to the minister.

I have with me today—and I would like them to stand up as I introduce them so you will all know them—my colleagues, Mr. John Vallance and Mr. Roy Milner and the secretary of the board Mr. Kass Hlynka. Mr. Dollery is our chief inspector. Doctor Anderson is our chief chemist in charge of the board's laboratory. Mr. John Rayner, on our right, is our chief adviser of the board, or at least chief administrative officer is the title that he has earned for himself.

Gentlemen, I do not know just how you would like me to deal with this, but if you will look over the report you will find that the paragraphs are relatively short, and I think I would like to read them to you. The longest is the first one. We might pass that up, but after all I think I would like to read that to you. Then we have with us a good deal of supplementary information, in the form of statistics and so on, which, as you discuss the report, we will be glad to make available to you. Some of it is in a form that can be distributed and made available to you each for your own use as we go along, if that is satisfactory, Mr. Chairman.

The CHAIRMAN: Quite agreeable.

The WITNESS: I will read the paragraphs:

WINNIPEG, Manitoba
January 25, 1954.

The Right Honourable C. D. Howe, M.P.,
Minister of Trade and Commerce,
Ottawa, Canada.

SIR,—We beg to submit herewith Annual Report of the Board of Grain Commissioners for Canada for the year 1953 in compliance with section 23 of the Canada Grain Act.

This report records information and statistics relating to grain handlings for the crop year August 1, 1952 to July 31, 1953; expenditures and revenue for the fiscal year April 1, 1952 to March 31, 1953, and summarizes the major activities of the Board and its branches for the 1953 calendar year.

Summaries are given in the first and main portion of this report, and additional information in greater detail submitted by various branches and supported by tables of data is presented in Appendices A to L which follow the main section.

GENERAL

The 1952-53 crop year began with a very substantial carryover of grain (415.7 million bushels) at July 31, 1952, to which was added the record harvest of very close to 1.5 billion bushels of the five principal grains—wheat, oats, barley, rye and flax. By the end of the crop year July 31, 1953, producers in the prairie provinces had marketed 842.8 million bushels or 105.4 million more than the previous crop year.

Commercial disappearance of Canadian grain during 1952-53 amounting to 732.1 million was heavier by 61.2 million bushels than that for the previous year. At the end of the crop year under review there remained an even larger carryover amounting to 655.8 million bushels of the five principal grains on farms, in elevators and in transit. Then for the third consecutive year, a bumper harvest in 1953 added another 1.3 billion bushels of grain to make available about two billion bushels for disposition.

The sustained volume of production and handlings in the last few years reflects the volume of work and the extent of services which were required from the Board's officers and staffs to facilitate the orderly movement of grain through licensed channels. Fortunately, there were no serious quality difficulties or degrading factors in connection with the large 1953 harvest. However, as a result of the overtaxed storage facilities old crop grain held on farms and in country elevators and annexes created problems of insect infestation and spoilage of some grain.

It will be recalled that each of the last four Western harvests was characterized by some unique feature. The year 1950 produced a very large crop which was heavily frosted; the Fall of 1951 was very wet and the large crop of that year had a high proportion of tough and damp grades, in addition a third of it wintered under snow to be recovered by spring threshing; the 1952 harvest produced an all-time record crop; and the 1953 harvest saw production of another large volume of average quality grains. For more detailed background information on crops, the following table gives a summary of seeded acreage and crop production for 1952 and 1953 with a 5-year comparative average:

	Acreage			Production		
	Average 1948-52	1952	1953	Average 1948-52	1952	1953
	million acres			million bushels		
Wheat.....	26.0	26.0	25.5	492.0	687.9	614.0
Oats.....	11.5	11.1	9.8	411.2	466.8	405.6
Barley.....	7.1	8.5	8.9	198.2	291.3	262.1
Rye.....	1.4	1.3	1.5	18.2	24.6	28.1
Flaxseed.....	1.0	1.2	1.0	9.3	13.0	10.4
Totals.....	47.0	48.1	46.7	1,129.9	1,483.6	1,320.2

To facilitate orderly marketing of these unprecedented heavy crops, Canadian Wheat Board delivery quotas and shipping preferences regulated the flow of grain to shipping points in harmony with disposition of it into domestic and export channels.

I would like to underline that last sentence, because in that you have the essential facts that determined all decisions of our board in conjunction with the transport controller, wheat board and so on. Could I read it again:

To facilitate orderly marketing of these unprecedented heavy crops, Canadian Wheat Board delivery quotas and shipping preferences regulated the flow of grain to shipping points in harmony with disposition of it into domestic and export channels.

Marketings for the first five months of the new crop year of wheat, oats, barley, rye and flax to December 31, 1953, were 339.2 million bushels as against 394.5 million bushels for the same period of the previous crop year.

Figures for shipments and stocks in store in millions of bushels covering the five principal grains at the end of the first five months with comparable figures for the last year shown in brackets, were as follows: Country elevator stocks, 260.8 (204.4); shipments from country elevators, 314.7 (338.2); Lakehead and Pacific stocks, 71.6 (48.3).

Gentlemen, before leaving that for your consideration, we have at the end of our formal report attached a series of appendices that give much of the detailed information relative to the points covered in our report. In this case it is on page 58. If you will make a note of that, you will find the details that make up these figures that we present to you, in the report.

The CHAIRMAN: What tables are you referring to?

The WITNESS: H-2 and H-4 are the tables.

The CHAIRMAN: On pages 58 and 59.

By Mr. Harkness:

Q. What is meant by the words, "shipping preferences regulated the flow"? What do you mean exactly by that, "shipping preferences"?—A. That is a question that you might properly have directed to the Wheat Board. It is their shipping instructions that demand that certain grades of grain be delivered to certain points.

Q. That is entirely a Wheat Board matter as to the instructions they issue?—A. Yes. The reason I underlined that sentence was that in our work we try to fit in with their work so as to facilitate the largest possible movement of grain to consuming centres, whether domestic or export.

The CHAIRMAN: Shall we go to "Inspection of Grain"?

Mr. MANG: That is, they would ask for various grades to supply the domestic and export demands? You might get an order for No. 5 or No. 6 wheat, and they would inform you that they wanted that grain?

The WITNESS: Yes, they get an order for a certain quality and amount of grain. That gets a preference on the shipping orders in order to meet that demand. That has introduced complications that are sometimes a little disturbing to many people.

By Mr. Argue:

Q. In the shipping orders they are taken care of by the transport controller, are they?—A. No, the Wheat Board.

Q. Who controls the bringing in of those orders, the shipping of those orders?—A. The Wheat Board issues the orders to ship certain kinds of grain.

Q. Where does the order go? The order goes to whom?

Mr. MILNER: The order goes to the grain companies.

Mr. ARGUE: From the Wheat Board to a grain company?

Mr. MILNER: Grain company and grain companies.

Mr. ARGUE: Then what happens? Give us an illustration.

Mr. MILNER: Supposing that they wanted to move, as they have recently, 100,000 bushels of No. 6 Wheat. They would determine where the No. 6 wheat was located and they would instruct those companies who had the No. 6 wheat in storage elevators to make an allotment of specific amounts of the wheat.

Mr. HARKNESS: You would reallocate the cars for that?

Mr. MILNER: No, until delivery the railways allocate the cars for them.

Mr. CASTLEDEN: How long has this been in operation?

Mr. MILNER: Ever since I have been in charge. At the start I attempted to do something that I could not do.

Mr. JOHNSON (*Kindersley*): There has been no radical change since the first of the year?

Mr. MILNER: No radical change.

By Mr. Johnson (Kindersley):

Q. Did your board experience any particular difficulty in reference to the delivery of quotas when the wheat board had a wide open quota last July and August?—A. We have nothing to do with quotas.

Q. I know. But did you experience any difficulty in your policing action or in the operation of your board in keeping everything going smoothly, as this sentence indicates happened?—A. I do not think we had any special difficulties created by reason of any quotas.

By Mr. Stick:

Q. I thought that the orders came from the wheat board to the Board of Grain Commissioners.—A. No.

Q. You do not handle them at all?—A. No.

By Mr. Argue:

Q. We were told only last week that the Saskatchewan Wheat Pool right now is getting about 43 per cent or a little less of the orders and we were told that the wheat board itself decides how those orders are allocated. But we also were told that it was within the framework of the policy laid down by the transport controller and that the percentage was done by the wheat board but it was not your decision.

Mr. MILNER: No. I do not think that is the evidence as I heard it. I think the evidence was to the effect that the wheat board gave the orders and that I saw to it that the cars were available. We are going to get very easily into the question of transportation. I can see that. Of course, it is a very important question and one which I know is interesting to all of you, but I was hoping that perhaps the question of transportation might be left until we got to "car order book". I could take a whole day, if you like on transportation and tell you anything I can at that time. Otherwise I think you will keep coming back to it every twenty minutes. However, I am certainly in the hands of the committee and I will do it any way you like.

Mr. ARGUE: I would like to get a rough, brief, general picture of how it is done.

Mr. MILNER: I would be glad to do that, but do you want to get it now?

Mr. ARGUE: That is up to the committee.

The CHAIRMAN: This section is the "general" section which covers all the sections. I would suggest that we go on to the other specific sections. Those

are quite clear and I do not think we will run into that difficulty any more if we get to deliveries; and we will have the whole allocation of box cars and the car order book then.

By Mr. Argue:

Q. In regard to that sentence which you repeated a moment ago and which reads:

To facilitate orderly marketing of these unprecedented heavy crops, Canadian Wheat Board delivery quotas and shipping preferences regulated the flow of grain to shipping points in harmony with disposition of it into domestic and export channels.

Now I would like to ask Dr. McKenzie a question.—A. I am not a doctor, Mr. Argue. I am just a simple farmer.

Q. Excuse me. You are just Mr. McKenzie. That is better still.

Mr. STICK: I do not agree with you.

By Mr. Argue:

Q. I would like Mr. McKenzie to tell us how he thinks that the taking off of delivery quotas assisted in the harmony which is mentioned in this sentence which I have just read.—A. Do not blame us for taking off the delivery quotas. But we could not see, unless something of that kind was done, how the wheat board was going to get the quantity and quality of grain moving forward to export position without disturbing quotas at some points.

By Mr. Johnson (Kindersley):

Q. Did you make any recommendation as to the method?—A. Oh yes, at the time we agreed to the suspension of the car order book, for instance.

Q. Why was there this specific need for the qualities and kinds of grain when we were informed recently that we had not sold any of this 1953 grain you were accumulating at that time?—A. We have sold some of it. I cannot give you the figures as to the actual sales, but I do know that there were certain grades, qualities and kinds of grain which were moving forward.

One of the anomalies is that we always talk to the farmer about improving the quality of his crop. For instance, they grew number 2 northern wheat. It is true that there was some demand but not a great demand; it was not for number 2; it was for low grade grain as in the last few months. Therefore, as far as our instructions are concerned, we had to give every consideration possible to the grain that could be moved out of the country, whatever the grade, quality of kind of grain it was. Supposing we let the elevators get completely filled with number 2 northern, and you could not sell it. You would have your whole system of transportation and delivery completely blocked.

Q. You would discuss the quality and so on?—A. It did not assist us at all but it did assist the wheat board in getting forward the standards and qualities and kinds of grains that they wanted.

By Mr. Argue:

Q. Did you advise the wheat board to lift the quota?—A. No, we did not advise them, but we did discuss it with them.

Q. We had the wheat board here last week and I do not remember their saying that they took the quotas off in order that they, the wheat board, could have the kinds and quantities of grains that they wanted.—A. I may have misunderstood what you are driving at. You may be thinking of the period of last fall, when they moved?

Q. This was last July.—A. They opened the quotas wide open. But this is a question you should have directed to the wheat board.

The CHAIRMAN: They did.

The WITNESS: I have given you my opinion as to why they did it, but it is not our decision at all.

By Mr. Argue:

Q. You told us that your information was that these quotas were needed, in order for the wheat board to get sufficient quantities of the kind of grain in demand, in order to supply the demand. I may have misunderstood you.—A. I think I may have misunderstood you, too. I think it was the influence on quotas from day to day and over the whole season.

Q. Have you any idea why the quota was taken off, or what good it was?—A. My opinion is that there was a lot of available space in the country and there was a new crop coming up. The farmers own facilities were blocked and they said; "We will fill up and make the space of the farmers own facilities available for the new crop".

Q. And you know the result of taking it off.—A. I know what the result was in my own province; a lot of the farmers got their wheat out who otherwise could not have gotten it out.

Q. And that happened in other provinces, too; but the farmers who got their wheat out by and large were the large farmers who could have big trucks.

The CHAIRMAN: I wonder if we are not going a little far afield.

The WITNESS: I do not think that applied equally in our province.

By Mr. Argue:

Q. I know our own situation, but I do not know anybody else's.

The CHAIRMAN: I do not know what the committee wishes but we dealt with that pretty fully last week. The commissioner is here today and he has really nothing to do with it. He is only expressing his opinion and, as he has said, possibly we could leave that and get on with the report itself.

Mr. ARGUE: It was not my idea; it is in the first paragraph under "General", and Mr. McKenzie reread that paragraph in order to emphasize it. I just wanted an explanation from him as to how removing the delivery quotas helped in "harmony with disposition of it", that is, how the removal of delivery quotas helped the delivery of grain. And it was not my explanation.

By Mr. Bryson:

Q. What was the percentage of number 2 wheat?—A. I cannot give you the percentage exactly.

The CHAIRMAN: It is on the record.

The WITNESS: As to the amount, sir, if you will look at page 38, and at table F-3 you will find the

primary Car lot inspections from August 1st, 1952 to July 31st, 1953, by grain and grades.

Number 2 northern was 32.62 per cent. You have all the grades there, sir.

By Mr. Bryson:

Q. The spread now between 1 and 2 is six cents. I wondered about the reason for that? Is it because you have got to move that from all that number 2 wheat?—A. Please do not mix me up with the wheat board. We have nothing to do with the determination of the spreads, or with the selling of the grain or the moving of it forward.

By Mr. Argue:

Q. In your table No. 1, your figure estimates 92 million bushels. Have you a break-down of that 92 million bushels by provinces?—A. No, I do not think that we have it by provinces. But perhaps we could dig it up.

Q. Would you mind getting it?—A. Yes, I will ask my secretary to make a note of it and we can send you that information.

The CHAIRMAN: Are there any more questions on "General"?

By Mr. Argue:

Q. That carry-over is mostly in Saskatchewan, is it not?—A. Oh, yes; your province of Saskatchewan is the big crop province.

Q. Would 80 per cent of it be in Saskatchewan?—A. I would not think 80 per cent; but I am guessing again.

Q. I wonder if the removal of the quotas is not reflected in the wheat carry-over and I wonder if the removal of the quotas had the result of leaving Saskatchewan once again relative to the farmers in the other provinces in the worst position? You say that the farmers in your province got their grain out.—A. No, not all of them. We are still carrying a lot of it. We did not get it all out in July, but we got a lot of it out.

Q. You got a lot more of it out than we did.—A. That may be.

Q. Taking the quotas off was fairly satisfactory in Manitoba?—A. I heard very little complaint about it in Manitoba.

Q. There was very much in the way of complaint in Saskatchewan.—A. Yes, and I appreciate the reason for it, too.

The CHAIRMAN: Shall we go on to "Inspection of Grain"?

INSPECTION OF GRAIN

Inspection of grain revealed no serious degrading factors in the 1952-53 crop with the exception of the incidence of split and broken kernels resulting from dry weather early in the harvesting season. The grain was generally of good quality with a high weight per bushel. There were small areas in Northern Saskatchewan and Alberta where some frost damage was evident.

The Board's Inspection Branch graded well over 400,000 carlots of grain which exceeded the previous record by some 12 per cent and is 46 per cent over the average figure for the past ten years. In addition, some 596.7 million bushels of grain were inspected from terminal elevators loading to vessels.

The WITNESS: Now, the details of these inspection figures are to be found on pages 37 to 48. If you look there you will find all the details of the inspections in that section. This is the chief inspector's report to our board.

By Mr. Argue:

Q. I wonder if we could take this report as we did the wheat board report and go over it paragraph by paragraph, and when we come to the charts and so on, have a quick look through them because it is pretty hard for a member of the committee to be reading back and forth.—A. I am just telling you where to get the supporting information.

The CHAIRMAN: Do you mind repeating that again? You said on page 37?

The WITNESS: On pages 37 to 48 there is a whole flock of statistics in there which the chief inspector reports to our board.

By Mr. Johnson:

Q. I have some questions in connection with grading and I think this is the only place where they could come up unless they would come under "Grain Standards". Is it in order to discuss grading at this point?—A. This is the place to do it, I think.

The CHAIRMAN: Yes.

By Mr. Johnson:

Q. What steps are being taken by the board through your chemists to investigate the feasibility of protein grading?—A. Well, sir, that is a problem that is not new. We have been looking at it for a long time. Dr. Anderson has been devoting a lot of thought to it.

There are some considerations which I think should be recognized. I will mention merely the general aspects of them. Then perhaps Dr. Anderson might give you further information in detail.

The usual custom in Canada in speaking of protein grading is to think of it in terms of what has occurred in the matter of protein grading in the United States.

There is a very essential difference between our Canadian position and the American position. They export—these figures are rough estimates and do not take them as final—but they export probably 30 per cent. of their crop and they consume 70 per cent. of it in the United States while we, roughly, export 70 per cent. of our crop and consume 30 per cent. of it in Canada.

There is a high demand in the domestic market in the United States for high protein wheat to mix with their soft wheats in the United States. So they operate what are known as sample markets in Milwaukee, Minneapolis, and perhaps other places such as Kansas City; and their domestic mills will pay a premium in order to get car lots of grain that show a high protein content.

On the other hand when I was in Britain in 1948 we enquired wherever we went; we met all the British Port Area Committees over there and we enquired of them specifically of they would pay a premium for high protein Canadian wheat. And they said, "no"; they said they were satisfied with the run of wheat which they were getting. That is the difference.

We would have to depend on a premium from the export market in order to compensate for the administration and determination of it. There are some real difficulties in the way. They may not be insurmountable. I would not say that they are; in fact I do not know whether they are; but we have not as yet discovered a quick method of protein determination so that we could make sure that the man who had high protein wheat would get the premium which goes with it.

The other thing is this; I think someone mentioned a question this morning—I forget where it was—in which he wanted to know where the high protein areas were in the west.

Dr. Anderson publishes protein maps. It is very interesting if you look at a series of those maps you will notice areas in which the growing of high protein wheat fluctuates year by year.

Generally speaking we used to say that such areas were in the bald prairies and that you would get starchy wheat in the north. But the last couple of years indicates somewhat of a change coming about.

Those in a general way are some of the difficulties of introducing protein grading. Perhaps Dr. Anderson would supplement what I have said.

Mr. JOHNSON: (*Kindersley*): I would appreciate it because the wheat board stated that most of the mill orders are placed on the basis of protein content of the wheat at the present time, and that it is becoming more and more important. I would appreciate any information I could get about it.

The WITNESS: If they told you that, then I will accept their word.

The CHAIRMAN: Shall we now hear from Dr. Anderson?

Dr. J. ANSEL ANDERSON (*Chief Chemist*): Mr. Chairman and gentlemen, this is a very broad subject and I wonder if it might not be useful to have the question worded more specifically in order to get at the points of interest.

The CHAIRMAN: It is up to you.

Dr. ANDERSON: Such a question as what we have been doing, could be answered.

Mr. JOHNSON: I think that would be it. We are interested in seeing to it that the persons who grow this high protein content wheat should have the advantage accruing from it.

Dr. ANDERSON: We have been interested in this matter, that is, the board's laboratory has been interested, since it was last considered seriously by this committee, I think, in 1928 or thereabouts; perhaps a little later.

We have continued since that time to collect data on the protein content of Canadian wheat at all stages of its movement from the country right through to export, and to consider the implications of the information we have thus gained in relation to possible systems of introducing protein content as a grading factor.

I shall be quite frank in saying that most of this work has been theoretical. You will realize that it has divided itself into two phases; we have been concerned first with possible methods or possible systems of introducing protein as a grading factor which are, in themselves, quite theoretical. You might do it this way or that way.

Then we are concerned secondly, with the problem of whether any given system could be introduced as a matter of practical expediency in this country.

I think that we have convinced ourselves that there are theoretical possibilities involved in this that might suggest a possible or fairly reasonable method, perhaps, of introducing protein as a grading factor. But I would warn you that this would not be at all simple, even in theory.

It would involve, in so far as we can see, a very substantial change in the grading system which might or might not be advantageous to Canada as a whole.

When we come to consider the practical aspects I am afraid that we are very seriously stumped. As Mr. McKenzie has mentioned, in spite of having worked at various suggestions over a number of years we have not been able to come up with any method that would enable the country elevator agent to estimate the protein content of grain sufficiently rapidly for his purposes.

We would even have considerable difficulty in setting up a system that would work fast enough, let us say, for the handling of carlots so that we would know the protein content in time to "bin" them correctly at a terminal elevator. That is a very serious difficulty.

There are a great many other practical difficulties as well. All I can say in summary is that we have worked on this matter. I do not mean to say that we have worked on it every year; but from time to time we have had ideas as to what line of investigation might prove fruitful, and we have pursued them and have brought them to a conclusion which has often been negative. On the other hand, we have not given up, and we are still continuing our studies of what is an intricate and difficult field. I would like

to add that, at the moment, there does not appear to be any simple means of introducing protein content as a grading factor, and there are many very serious difficulties.

Mr. STICK: How do they do it in the United States? Mr. McKenzie has said that the mills in the United States buy high protein grain. How do they determine whether they are getting high protein?

The WITNESS: By a sample market.

Dr. ANDERSON: By a sample market, yes. Whenever they bring a car-load in they sample it and the sample is made available with added information as to the grade, bushel weight, and protein content. It is a sample market; it is not a protein grading system.

Mr. STICK: Couldn't we have a sample market in Canada?

Dr. ANDERSON: We could, but not without destroying our whole bulk handling and grading system.

Mr. JOHNSON: Would it not be possible to select designated areas year by year that have high protein content?

Dr. ANDERSON: There is a great deal of variation in the areas; the variation in a single year is normally in the order of 3 per cent, and between extremes it is even wider than that. Nevertheless there are areas where, if you take all your car lots from that area you will get, on the average, a higher protein content than from some other area which would be low. But the variation is quite large; it depends on the land and the growing conditions. A farmer growing wheat on high, dry land produces high protein while somebody else, with summer fallow on lower land, would produce a lower protein.

Mr. JOHNSON: That is what I had in mind, that of giving the producers some advantage for their production of grain of high protein content over a grade of lower protein content. Further to that, there is this question related to the Canadian Wheat Board; do you think that a market would develop in Canada for high protein wheat or that it is linked to the question or statement of Mr. McKenzie; do you not believe the countries would buy exceptionally high protein content wheat and pay a premium for it in an effort to mix it with their lower protein content wheat thereby producing better bread?

The WITNESS: That was the question which I put to those various port area committees and they said that they would not be willing to pay a premium for designated high protein wheat; but that was in 1948, six years ago.

By Mr. Mang:

Q. Am I right in assuming from what you said that our export market, where we still sell 70 per cent of our crop is not interested in the high protein angle of wheat?—A. I would not like to say that. They are interested in protein, but they said they were very well satisfied with the run of wheat which they were getting, and they said they would refuse to pay a premium for selected high protein lots.

Mr. MILNER: Mr. Chairman, I have been in England since the Chairman of the Board of Grain Commissioners was there and I had a good many discussions with people there in connection with protein grading. I expressed the opinion then, an opinion which I will never change, that if you introduce a system of protein grading in this country you would get a very small proportion or quantity of high premium grain and the result would be that the rest of your grain, on account of the lowering of the average quality, would be sold in competition with grain which was of poor quality, and that Canada,

for example, would be competing with, let us say, Argentina. Therefore, I will be forever against protein grading as far as the producers of this country are concerned.

Mr. STICK: You think that it would be detrimental?

Mr. MILNER: I am sure it would, and I spoke to many of the country's buyers over there and to the biggest grain buyer and I put it up to him. He spoke about the quality of the grain coming out of the Pacific coast and I said, what is your criticism of it? And he said: "There are variations within the grades". And I said, in a country the size of Canada there would naturally be variations within the grades with different types of soils. And he said yes. And I said are you interested in protein? And he said definitely. And I said "How much are you interested? Let us say that the average is 13.2 this year. What would you pay for a cargo of 14.2 protein? Would you pay a five-cent premium? He said that he did not think he would. And I said would you pay a five-cent premium for a cargo of 15.2 protein. He said no. And I said would you pay a two-cent premium? And he said that there were other essential things besides protein in wheat.

I said: I realize that, but let us get to the point where you will be perfectly willing to take it and pay a premium.

I have been in the business all my life and I have attempted at various times, in a small way, to collect proteins at terminals and I have been very unsuccessful in attracting any purchaser. We sent samples over time and time again. You must remember that it is a rather big market.

If you are skimming the top off for high protein, you will then be stuck with a residue or a very large quantity of low protein grain, and it would not be in the best interest of Canada.

Mr. CHARLTON: Are we not doing that very thing right now with our Wheat Board quotas, where our domestic mills are skimming off the high protein?

Mr. MILNER: It is a reasonably small amount.

Mr. CHARLTON: Well, we are told that it amounts to 30 per cent.

Mr. STUDER: I think that perhaps by way of general comment in regard to our overseas market in the selling of our grains as a whole, that much more attention could be paid to it and I believe that is what Mr. Johnson has in mind as well as myself: it is that each individual growing wheat should have the correct grade, and that the money involved in the price of that wheat should accumulate to himself just as certain sections of the provinces are growing high-grade wheat on the same basis, as you grade your wheat No. 1, No. 2, No. 3 and there is a differential in the price thereof that the individual who produced that wheat gets paid for it, according to the grade.

I think there is a feeling in the country that the individual should be rewarded for what he produces and as a result of that in other areas of the western provinces particularly where this high-protein content wheat is found, I think it is assumed if not agreed that the lower and more intensive your area where the wheat is produced, the higher the percentage of protein there is available there.

It is a very great benefit to him. There is 100 miles of the Montana boundary along the area which I represent and across the line they have 16½ per cent protein wheat in there. Pillsbury and Gold Medal in Minneapolis, and the other milling firms, pay a higher price for it; 46 cents I believe it was not long ago.

But people living in our part of the country under the same conditions as those across the line cannot make 46 cents additional compared to those across the line and it would lead them to think that there should be compensation to them on the additional quality of the wheat. Thus far it has not been possible to do that in Canada for the reasons which have been outlined here and we are interested in them.

However, as has been pointed out, it varies and I believe that in last year's crop—approximately 65 per cent of last year's crop all across Saskatchewan—there was a differentiation between particular areas which produced high protein contents.

Then there was another little factor. It may be that in those same areas where high protein content is grown we have crop failure payments. They may not be relevant to the people here, but the money which they have in those areas where there is a higher percentage of high-grade wheat, not export wheat,—there, is a lot of revenue there on this higher grade wheat, and they receive the compensating factor for those crop failure payments which other areas do not receive; and that is the only benefit you can say that those people receive.

Strange to say, it would not be what you would call horse-trading; but there is something in connection with it that you would not want to fortify one against the other. If we refuse in the southwestern parts of Saskatchewan to add to this top grade of wheat, and if we refuse to the point of eliminating this high protein grade, there may be some education on the part of other people in a consideration of this crop failure payment situation in southwestern Saskatchewan, and perhaps that is one of the reasons that not too great emphasis is placed on it. Yet it is considered over a period of years that our people who are growing high protein wheat, are financially in a better position obtaining that extra revenue as a result of the protein content grading than they would be under a system of crop failure payments. But in Canada it is different than the United States, and we are not too sure in the south west yet as to whether we are insisting on one more than on the other.

The CHAIRMAN: Shall we now go on to "Grain Drying"?

Mr. CHARLTON: If it is so difficult to do it on the producer basis at the elevator, how does the United States manage to handle it in that way? Why is it so difficult here?

Dr. ANDERSON: The determinations made in the United States are made in large laboratories by competent technicians under supervision of trained chemists. It is a very different thing from attempting to devise a method that can be carried out by an elevator agent who has no training in laboratory technique whatsoever. He simply could not afford to buy the apparatus.

Mr. CASTLEDEN: Information was given to us the other day to the effect that Canadian millers liked Canadian high protein wheat. Is there any way in which they could get it from certain areas, as outlined by the doctor, in his research work? What steps are taken to see that they get the high protein wheat which they so desire?

Mr. MILNER: They talk to the wheat board about it. They must buy it from the wheat board and the wheat board order it from those various places.

Mr. CASTLEDEN: The wheat board would supply it if it was asked for, and at no extra price?

Mr. MILNER: I do not know.

Mr. CASTLEDEN: And how about America or other countries who would naturally want it. Is there any way that it would be directed to the American mills?

The WITNESS: There is an import tariff against it.

Mr. MILNER: They can buy it from the wheat board?

Mr. CASTLEDEN: They can buy it from certain areas.

Mr. MILNER: I would imagine they would arrange it with the wheat board, but I do not know.

Mr. CASTLEDEN: Do you get instructions?

Mr. MILNER: It is called "mill orders" and the procedure is that the wheat board advises the company to ship the grain on a mill order, and the effect is to deliver it from the designated area. The company picks the elevator from within that area, so it is from that elevator that they would ship out this particular grain.

Mr. CHARLTON: The company tests the wheat first of all?

Mr. CARDIFF: What about the payments received for this wheat?

Mr. MILNER: That is a matter for the wheat board and the mill.

Mr. CARDIFF: The wheat board gets more money for the wheat than the farmer who grows it. That deserves some consideration.

Mr. HARRISON: I gathered from the discussion that in the United States the premium runs around 46 cents a bushel mainly due to the reason that they use about 80 per cent of their grain in their own country. But here Mr. Milner tells us they are on an export basis and the chief consuming nation, which is Great Britain, is not interested even in a figure of two cents premium so it would not make much difference to the farmer one way or another. I do not think you would get too much agreement on this thing in the west, on putting in a protein grading system, and you would find the farmers divided on it, and also divided within different places in the province. Speaking of an area which I know, I am sure they would not agree to protein grading, because they will grow grain regardless of whether it is high protein or not.

Mr. Studer touched on the subject of the prairie farm assistance payments, and I think they would just as soon be put out from under that system, because while there may be areas where they sometimes have a crop failure, I do not think there would be too much agreement on the protein grading system.

Mr. MACKENZIE: Is high protein wheat always grown in the same area?

The WITNESS: Oh, no.

Mr. DINSDALE: The protein content depends more on the growing conditions than on variety of wheat.

The WITNESS: On sunshine. But with some varieties I suppose a high content is mainly a weather problem.

Mr. MANG: It does not depend upon the kind of wheat so much or on the farmer; the more sunshine it gets the higher the protein.

By Mr. Charlton:

Q. In respect to this problem, the board is continuing to make all possible investigations to determine a system of protein grading?—A. It is a problem which is always in our minds and we keep looking at it, but we have not found the answer.

The CHAIRMAN: Shall we now go on to "Grain Drying"?

The WITNESS:

GRAIN DRYING

Following the record quantities of grain dried during the previous crop year, the harvest of 1952 yielded dry grain of which only 14 per cent graded tough and damp. Accordingly, requirements for drying were greatly reduced. Although there was some carryover of tough and damp grades, only 5.9 million bushels were dried artificially and 56.3 million bushels were dried by natural means during the 1952-53 crop year. This compares with 122.5 million bushels artificially dried and 46.3 million naturally dried the year before. More detailed data on grain drying are presented in Table H-16 of the report of the Statistics Branch in Appendix H. And also see the appendix on page 69.

By Mr. Mang:

Q. On that point of drying by natural means as compared with artificial means, does the natural means consist of mixing damp grain with drier grain, mixing a 10 per cent content of moisture with a 14 per cent content?—A. Do not confuse the terms "tough" and "damp". A car of No. 2 northern might have been in a bin with two cars of dry No. 2 northern. That is natural drying. But they do not put the damp in that way. It is essential that you keep the two words distinct.

Q. Damp requires artificial drying?—A. Yes.

Mr. CHARLTON: Where is the percentage?

Mr. MANG: 17 per cent?

By Mr. Charlton:

Q. Who gets the benefit of that natural drying?—A. I expect the benefit is shared, shall I say, so that the revenue secured through natural drying—I think it is shared between the Wheat Board and the elevator operators.

Q. You think it is shared. How can you be sure?—A. I am not sure. I cannot tell you the proportion. Shall we say, of the revenue secured through natural drying. I think it is shared between the Wheat Board and the operators.

By Mr. Charlton:

Q. How can you be sure?—A. I am not sure, and I cannot tell you the proportions.

Q. The tendency would be for the elevator company, if they took in high grade wheat and damp wheat, naturally to mix it?—A. No, they do not mix damp wheat. It is only with tough wheat.

Q. Tough wheat, then. If though wheat can be up to 17 per cent moisture, that is damp in any language.—A. Not in terms of—

Q. If they can dry that by mixing it with ordinary 13 per cent, then naturally they are going to benefit?—A. Not entirely anyway. I do not know what you did last week, but I think that is a question you might have submitted to the Wheat Board as to whether they want wheat dried naturally or artificially. There is the other factor that must be considered. Even the blending of tough wheat with straight grain involves elevation. It involves charges of handling. If you assume for a moment they get the full advantage of the spread of three cents, or whatever it may be at the moment, they have to take from that at least their handling costs in the process of blending.

Mr. MANG: Is natural drying done sometimes in the local elevators?

The WITNESS: Yes, I expect it is.

By Mr. Castleden:

Q. Do you receive directions from the Wheat Board as to what you shall do with the damp wheat?—A. No, if it is damp wheat it has to be dried.

Q. You go ahead and treat it, that is all?—A. Yes. I might be misunderstood in that. If anybody holds damp wheat and puts it into storage, our inspectors watch it and if they find out that it is going out of condition, the owner of the wheat is notified and usually gives us instructions to see that it is dried.

Q. Then you instruct the inspectors to have it dried?—A. Our inspectors check it in the storage to see that it is dried.

Q. You attach it on inspection?—A. I am speaking of after it has gone into storage and it begins to show signs of going out of condition because of the moisture content. Then we advise the owner and perhaps suggest to him that something must be done. It must be put through the drier or something else.

Q. You do not automatically take action on grain that you inspect?—A. We assess the moisture content.

Q. Instruction as to handling is left to the company?—A. Yes.

By Mr. Harkness:

Q. Is it not a fact that during the past year practically no elevator company would accept any tough wheat, let alone damp?—A. I do not think so. I do not know of any company that refused to take any tough wheat.

Q. In my particular part of the country you could not deliver any. Elevators just would not take it. It seemed to me that they were general instructions.—A. We have had no complaint of that. I should not say "no". I think perhaps there were two or three.

Q. I thought it was a very good provision, as a matter of fact, because it prevented many people combining when the wheat was tough. They combined a small sample, had it tested, and if it went tough they left it until it dried. What was the advice given as to that?—A. I think we asked the Department of Agriculture in Manitoba to broadcast the dangers incident to threshing grain either tough or damp, because of the lack of storage space. I am sure many of the companies themselves give that advice in the communities in which they operate.

By Mr. Charlton:

Q. Is it left mainly to the companies as to what grades they take in?—A. They take damp wheat at their own risk.

Q. If they take tough wheat and grind it and mix it with another grade, they do not need to report that to the Wheat Board? It is graded out of the elevator, not in, as far as the Wheat Board is concerned?—A. Yes.

Q. So that the elevator itself would have the say as to whether they put tough wheat in and mix it with grade No. 1 wheat or No. 2 wheat.

The CHAIRMAN: Any more questions on that? Shall we go to the next one, "Research", on page 11?

RESEARCH

The Board's Research Laboratory has continued to study the quality of Canadian grain crops, to assist the Grain Inspection Branch and to serve as scientific consultants to the Board in complaints and inquiries. Research on certain fundamental factors relating to grain quality has been carried on and the Laboratory collaborated with plant breeders by testing new varieties of grain.

Four crop bulletins, two protein maps and an annual report are published each year by the Laboratory for information of millers and overseas buyers, and to put on record data on grain; results of research are published in various scientific journals. The work of the Laboratory is dealt with in greater detail in Appendix I of this report.

The CHAIRMAN: The appendix is on page 70. Of course the ideal and the most logical way to do this would be to take, along with this top paragraph under "Research", on page 11, Appendix "I" in its entirety, and that should be all passed as one, because it deals with the same thing. However, it is up to the committee. The suggestion was made that we pass only the report itself and then go back to the special reports of the operations branch.

The WITNESS: Might I interrupt for just a moment? I think that it is only fair to recognize the value of the work that the laboratory is doing. I do not know whether we told you last year or not, but during that period when we had so much damp and tough grain that we were looking all over the country for some place to put it our laboratory staff under Doctor Anderson did yeoman service to this country. We put that wheat in to Duluth, we put it in to Buffalo, and in to every drying plant in eastern Canada, and I can tell you this, that Doctor Anderson worked day and night for a period of time. You gentlemen from Saskatchewan will remember the number of little driers operations all over the country. He had to go and check the damage that was done sometimes during that drying and the result of all that work—and this is why I say it—that as far as we have been advised there was not a carload of grain that went out of condition because of the moisture content. I think it is only fair here to pay public tribute to the work that Doctor Anderson and the laboratory have done for the farmers of western Canada.

The CHAIRMAN: Are there any comments on "Research"?

Mr. ZAPLITNY: I wonder if there is any work being done in the research department as to the possibility of commercial uses for grain other than for feed?

Dr. ANDERSON: Work on commercial uses for grain other than for feed is undertaken by the National Research Council of Canada and is largely in the region of Saskatchewan under Doctor Larmoor.

Mr. ZAPLITNY: You do not do that?

Dr. ANDERSON: No, the division of work puts it with them.

The WITNESS: Mr. Zaplitny, you have touched on something that is very dear to my own heart.

Mr. ZAPLITNY: Mine too.

The CHAIRMAN: Carried.

Shall we go to "Weighing of Grain"?

WEIGHING OF GRAIN

In addition to the regular weighing service, scale inspection and weigh-overs of grain stocks in terminal and Eastern elevators, the Board's weighing officials investigated complaints of vessel outturn shortages with a view to determining the possible cause of shortages and when possible, to assign liability for them against responsible parties.

During the 1952-53 crop year there was further improvement in outturn loss of grain shipped from lakehead elevators and unloaded at Eastern elevators. The average loss on vessel shipments of wheat was 27 pounds per thousand bushels.

The WITNESS: Further details on weighing are found on pages 19 and 20.

The CHAIRMAN: That is Appendix A.

By Mr. Stick:

Q. How do you account for that loss in wheat?—A. I wish you could tell us. We find it a very difficult problem to determine what the cause of shortage is as between the lakehead, for instance, and Port Colborne or any of the upper ports.

Q. Caused by natural drying?—A. There might be some possible leakages in the boat, getting into the bilges and so on.

Q. Have you investigated the business with the shippers?—A. Oh, yes, our staff investigates every shortage in weight that is reported to us.

Q. Would any of the loss be in dust, by handling it or anything like that?—A. Not materially.

Q. Not to the extent you report here?—A. No.

By Mr. Johnson (Kindersley):

Q. Is your department responsible for the inspection of scales at the local elevators?—A. Not in an official way. It is the weights and measures branch of the Department of Trade and Commerce that check them officially, but our assistant commissioners going through the country do check the scales to see that they are moving freely.

Q. And they would report any cases of maladjustment they find?—A. Yes.

Mr. CARDIFF: 27 pounds per thousand bushels is not much of a loss. It could be caused by the odd grain being spilled over or something like that. That is not very much of a loss.

The CHAIRMAN: Any more questions?

Mr. CHARLTON: Doctor Anderson could perhaps tell us if there is a proportionate increase in the weight of grain when the moisture comes out of it. Is there any table as to the increase in weight as the moisture is taken out of that grain?

An Hon. MEMBER: Decrease.

Doctor ANDERSON: A bushel in this connection is 60 pounds. You have to watch out for the use of "bushel" in the phrase "weight per bushel", in which case the bushel is an actual measure, whereas in talking about a bushel of wheat you are talking about 60 pounds. If you take 60 pounds of wheat with, say, 16 per cent moisture and dry it, you naturally lose weight, and the amount that is lost can be calculated by a quite simple formula.

Mr. CHARLTON: There is a formula?

Doctor ANDERSON: Yes. It is in the board's regulations on the drying of grain—regulation No. 15, paragraph C.

Mr. CASTLEDEN: One per cent of 122½ million bushels would amount to a sizable quantity. There is some loss in drying. What was your total drying the year before? There was 122½ million bushels of grain artificially dried. You must have driven some moisture out. How would that loss be shown?

Mr. MILNER: If you want to know the practical method of handling, it is this. The receipt is issued for the weight of the grain when it is damp, and after it has been through the drying they apply to turn in the receipt to get a dried receipt for the lower quantity of bushels, so that the water content has been done away with and the certificate they now hold shows that much less in weight than the original certificate.

Mr. CASTLEDEN: It may be better grade. It comes out No. 3 Northern. If it comes out too fast it might be dried No. 3 Northern, but it depends on the method of drying. The price spread would be what?

The CHAIRMAN: There are too many questions at a time for the reporter. Are you through, Mr. Castleden?

Mr. CASTLEDEN: Yes.

Mr. MANG: The price spread between damp grade and a straight grade would take care of that difference.

The CHAIRMAN: Shall we go to "Statistics"?

STATISTICS

The Statistics Branch has continued to compile and publish statistical information on grain at various stages of marketing and handling. With the removal of the Branch from Fort William to Winnipeg, and installation of a punch-card system for handling data, this Branch now has improved facilities to provide required information more readily.

In co-operation with the Canadian Wheat Board and individuals and organizations interested in grain handling, a change in procedure for recording grain data was made. Since August 1, 1953, grain has been recorded in bushels and tenths of a bushel instead of bushels and pounds. This change has facilitated issuance of documents and maintenance of records.

The WITNESS: The detailed information on this from the statistical branch is contained in pages 55 to 69.

By Mr. Argue:

Q. Could you give the members of the committee some idea of the kind of statistics that are available to members from month to month or week to week—some of your main publications?—A. Yes, I would be glad to give you that in a minute. I have here, and I would be glad to leave it with you, a summary of records and statistics issued by the statistics branch of the Board of Grain Commissioners and derived publications. There are eight pages listing the various documents and information that we make available. I do not suppose that you want me to read the eight pages, but I will be glad to leave it with the secretary.

Q. What public records are available as to exports by countries?—A. The Wheat Board will give you those statistics. They export it. Here are the Canadian grain exports for the crop year 1952-53. This is issued by our statistics branch and is available.

Q. You do issue month by month a report by countries of the quantities of grain exported to those countries?

The CHAIRMAN: I think that is the Department of Trade and Commerce.

The WITNESS: The Bureau of Statistics, I think, makes that available.

The CHAIRMAN: That is the Wheat Review?

Mr. ARGUE: No. I do not think I have one here, but it is a document that you issue month by month giving the quantities of grain exported. The last was March, giving the quantities of grain exported from Canada, wheat and wheat flour, and so forth, by countries.

The CHAIRMAN: What is the title?

Mr. MILNER: Grain Statistics Summary.

The WITNESS: We issue that, but I do not believe that is what we were wanting.

Mr. ARGUE: You have a yearly publication, your own publication. Is this not compiled from monthly data, interim monthly reports on these exports issued by you? I got this from your office.

The WITNESS: Mr. Rayner, can you give details of that?

Mr. RAYNER: It will show on that list.

Mr. ARGUE: They are published in Winnipeg.

The WITNESS: Is it a monthly report that you want?

Mr. ARGUE: Yes.

The WITNESS: I can give you a list of our publications: monthly report of cars loaded and unloaded by elevator and railway at Lakehead; monthly report of cars unloaded by railway and elevator for all other terminal sections in the western division; monthly statement of outward inspection sheet numbers at Lakehead; monthly statement of inward and outward inspection sheet numbers at Pacific Coast; monthly report of cars loaded out by elevators and railways—Lakehead only; monthly totals of receipts and shipments by elevators for each terminal section in western division; monthly statement of Net and Gross average by car, railways and grain, for each terminal section in the western division; monthly statement of weighted average freight rates on grain from the Lakehead; monthly statement of vessel outturns of cargoes by ports of unload. That seems to be the list of what we issue monthly.

Mr. ARGUE: The one I want to know about is export clearances by ports by months.

Mr. MILNER: The one that shows the countries is issued by the Dominion Bureau of Statistics. We reissue it. It is shown as "Source Dominion Bureau of Statistics".

Mr. ARGUE: Public figures, then, are available, whether it is through the D.B.S. to your own organization, or vice versa. Public statistics are available by months of Canadian exports of grain. When somebody stands up and tells us that this is a deep dark secret that cannot be revealed, it is being revealed month by month?

The WITNESS: I have told you what we publish. Mr. Milner has told you what the Bureau of Statistics does in respect to this. I do not know whether they have anything else or not.

By Mr. Castleden:

Q. That is by grain companies?—A. No.

Q. Just totals?—A. Yes.

The CHAIRMAN: What is the wish of the committee with regard to this, to table it with the clerk? Then anybody who wants to know what publications are available can consult with the clerk? There is a complete list here and I do not think that it would be advisable to print this in the record; it is too long. It is just a list of all the available publications of the Board of Grain Commissioners. I might say that the Queen's Printer must have that list. You will find all this in the Queen's Printer's list.

By Mr. Argue:

Q. What statistics are made public as to overages and shortages by elevator companies?—A. You mean that we publish?

Q. Or that to your knowledge are published by somebody? You would know about them if they are not done under your authority?

The CHAIRMAN: Possibly this is the type of question you could take as a notice and then bring in a complete answer on what publication is available and so on. Would that be agreeable for the next meeting?

Mr. ARGUE: That is fine.

The WITNESS: Let me understand exactly what you want.

Mr. ARGUE: To what extent can members of parliament get public documents setting forth overages and shortages by country elevators, terminal elevators and by companies?

The WITNESS: When we come to that question, we have a compilation here that we will make available to you. I am not sure if this is what you want. Let me read the index of this: 1. Summary of allowances for shrinkage at country elevators, 1941-53, and average yearly gross—for a comparable period; 2. Number and percentage of country elevators graded for gross overage and shortage positions, crop years 1946-47 to 1952-53; 3. Summary of overages and shortages at country elevators for ten years; 4. Gross wheat overages and shortages at country elevators listed by licensees, 1952-53; 5. Net weight overages and shortages at country elevators listed by licensees, 1952-53; 6. Country elevator grade shortages and overages net. That is prepared for the use of the committee. If that is the type of information that you want—

By Mr. Argue:

Q. Can a member obtain the overages or shortages at elevator A located in town B? Is it public information, the overages or shortages for each country elevator of each elevator company operating in western Canada? I realize that that is a terrific amount of information, but if someone wrote you a letter asking for an overage or shortage in the elevators at his own marketing point, could he obtain that?—A. We do not like to give information that a competitor could use, but if you wrote and asked us for that information we would be glad to supply you with it.

Q. Or a farmer?—A. Yes. You can understand our position.

Q. I think that an improvement is being made, if I might say so, in that respect. In the past we had some difficulty in getting the information. To show you how it went, I asked a question about that on the order paper, a general question, and the reply was, "You are asking for 5,000 documents; that is too many; if you ask for a specific point", they say, "We will get the information". But I found that the information could be obtained. I did not ask the second question.—A. It is quite possible in this form. This is the country elevator annual report. At the end of the crop year every country elevator fills in this report and swears to it as being correct.

Q. Can I have that?—A. Yes, we will be glad to give you that. This year we are going to extend this a little more, and I think that we will have included the tough and damp grades as well. One of the difficulties that we have encountered heretofore is the one you have raised, the tremendous question of work that was involved in going over these 5,000-odd sheets, segregating that and compiling it. This year we have installed modern electrical office equipment that will facilitate that type of thing, and we will extend it this year to include the damp and toughs.

Q. Is it possible so far for anyone to get information as to the purchase of grain at a given country elevator point?—A. I do not think that we could tell you anything about the purchases. Again I am not too sure I understand what you mean.

Q. The elevator company, shall we say, reports an overage because it had a certain inventory on hand at the beginning of the year, and made a certain proposition during the year and added up the final inventory stocks, did the arithmetic, and came up with an overage; but can we find out the figures that resulted in the overage?—A. We can include a statement that will show you this by companies. When we come to the local point, we are up against the same problem. If you wrote in personally for information about a particular elevator point, we would give it to you.

Q. I think that is helpful. Do I understand, then, that the information could be made available now in a general question on the total purchases of a given elevator company?—A. When you use the word "purchases", it does not apply to our work.

Q. Receipts.—A. That is better.

By Mr. Mang:

Q. Could an elevator company write in with respect to a certain point? If there are two or three elevator companies, could they ask for the overages?—A. We would not give it. We would hesitate about making it available to a competitor.

Q. Could a member of parliament ask for that, or could a farmer ask for that?—A. Here is another document that we are prepared to file with you. I do not know how we got into this. This has been tabled with you in the House. This is a list of companies showing the receipts on hand, the overages and shortages and expressed in term of percentages. All the companies are listed here.

The CHAIRMAN: That was tabled in the House on February 18.

The WITNESS: You are just forcing my hand, because I thought that this would come up when we were discussing overages. We have documents that we were to file.

Mr. ARGUE: I appreciate that more of this information is being made available to members of this committee and the public. With the little knowledge that I have, I do not think there are any huge overages in most elevator companies. There may be, and probably are, excessive overages at some particular points or at some particular point in the wheat handling operations. I think, to the extent that this information is made public, it will result in better feeling amongst the producers and, I think, will result in solving some of the problems and preventing some of the criticism.

The WITNESS: I don't know whether this is the place to say it or not, but we are not discussing overages now. If you will leave it till we get to that, we will be glad to give you all the information we can relative to that.

The CHAIRMAN: Yes, I think we had better leave it till then.

By Mr. Zaplitny:

Q. I have a question on statistics. I notice that there has been a change in the method of keeping a record as to bushels and pounds. It has been changed from pounds to tenths of a bushel. Is that in the head office itself, or does it extend to the actual marketing of the grain at the elevators? Have they been asked to keep records on the new basis, or does it have to be translated when the records come in?—A. All our documents are now expressed in terms of bushels and tenths, even in the tickets used in the country elevators, getting away from the bushels and pounds as it was before.

Q. Received on that basis also?—A. Yes, all our documents now expressed in that language rather than the other.

The CHAIRMAN: "Elevator Charges".

Elevator Charges

The Board held three public meetings at Toronto, Vancouver and Winnipeg in June and July of 1953 to hear representations in regard to maximum grain handling tariffs for the 1953-54 crop year. Submissions were reviewed by the Board but only one change was made. Maximum charges for storing grain at Churchill, Manitoba, were made the same as those at Fort William, Port Arthur and Winnipeg. Previously, maximum charges at Churchill were set at a lower figure for storage between October and July.

Mr. BLACKMORE: Why was the change made at Churchill?

The WITNESS: Originally, until the last three or four years, it was very common for grain to stay in store at Churchill for months at a time. There were no handling charges. It was dead storage. But now it is a more active port and likely to become more active, and we are putting it on exactly the same basis as other ports.

By Mr. Argue:

Q. Could you give us some idea of the present elevator charges and when they were last changed?—A. They are all set out in the regulations. Our secretary will obtain that and I will read it in a minute. There was no change last year except the one I suggested.

Q. Who attended these public meetings in the main?—A. Representatives of the trade and the pools, the United Grain Growers and Mr. Phelps, representing the farmers' union.

Q. Did the grain trade make a public submission to you in regard to elevator charges, setting forth?—A. Yes, they made a submission to us and I suppose it is public. It certainly was when they gave it to us.

Q. It was done at the public meetings?—A. Yes. Would you like me to read those regulations now?

Q. Yes, I would appreciate it.—A. The maximum tariff of charges and shrinkage allowance at public country elevators is given in regulation 21:

1. Elevation Charges

Receiving, elevating, spouting, storing and insurance against fire for the first fifteen days, and delivering into railway cars or other conveyances:

Wheat, Barley, Rye and Corn—Two and five-eighths cents ($2\frac{5}{8}$ cents) per bushel.

Oats—Two and one-eighth cents ($2\frac{1}{8}$ cents) per bushel.

Flax—Four and three-quarter cents ($4\frac{3}{4}$ cents) per bushel.

Sunflower Seed—Six and one-half cents ($6\frac{1}{2}$ cents) per hundred (100) pounds.

2. Storage Charges (including insurance against fire):

For each succeeding day or part thereof after the first fifteen days:

All grain except Sunflower Seed—One-thirtieth of one cent ($\frac{1}{30}$ cent) per bushel.

Sunflower Seed—One fifteenth of one cent ($\frac{1}{15}$ cent) per hundred (100) pounds.

3. Cleaning Charges

The charge for cleaning grain shall be mutually agreed upon by the elevator operator and the owner of the grain according to the nature of the dockage, but in no case shall exceed two cents (2 cents) per bushel.

4. Basis of Charges

All charges shall be based upon the Gross Grain Weight of the grain delivered, as shown on the receipt or ticket issued in respect of the grain.

Storage charges on Special Bin Grain shall be charged after fifteen days from delivery of each individual load, in accordance with the contract set forth on the special bin elevator receipt shown in Schedule 3 of The Canada Grain Act.

5. Unspecified Grain

Other grain not specified herein shall only be received, stored and treated subject to special charges to be agreed upon at the time, and approved by the Board.

6. Allowance for Invisible Loss and Shrinkage

All grain delivered to country elevators shall be subject to a deduction from the gross weight to cover invisible loss and shrinkage in handling not in excess of the weight in pounds set forth in the shrinkage table hereunder:

Then follows a rather lengthy table, which is available, and is posted in all country elevators. Do you want me to read the maximum tariff changes in the terminals? They are all here in the regulations. Anybody can see them if they want them.

Mr. ARGUE: In the Wheat Board report last week, they told us that the storage rate was 1/35 of a cent.

The WITNESS: That is quite true. Our charges are maxima, leaving the companies and the Wheat Board by arrangement to operate anything under that. They cannot exceed it. We fix the maximum.

Mr. HARKNESS: They said at some time that their handling margin, under the handling agreement that they had with the various elevator companies, was 4½ cents per bushel of wheat and barley, 3½ cents for oats, which is considerably higher.

The WITNESS: That covers services other than those that we provide for, the selling services and so on.

Mr. ARGUE: Is your 2½ cents included in the Wheat Board's 4½ cents?

Mr. MILNER: Undoubtedly part of it is.

By Mr. Argue:

Q. The elevator gets only the 4½ cents set forth in the Wheat Board report?

—A. Yes, including other services.

Q. There is no part of the 2½ cents per bushel that is added to the 4½ cents?—A. No, not added. It is included in it.

Q. When was there a change in the handling rate?—A. I am sorry, I have not the details in my head. We will get that for you.

Mr. JOHNSON (Kindersley): Do you specify a maximum for the other services to bring it up to the 4½ cents? It is left to the discretion of the elevator companies?

The WITNESS: Our services are just for the purposes set out here, as I read them to you.

By Mr. Argue:

Q. How long have you had public hearings in regard to these services—a great many years?—A. It was before I came to the board, anyway. It is set out in the Act. I cannot recall the section offhand, but under the Act we are compelled to hold these public hearings.

Q. Eight or ten years ago, before we had a farmers' union, what organizations would then usually appear at the public hearings?—A. The grain handling firms, the pools and so on.

Q. There was not at that time usually anyone else?—A. I do not recall anybody else being present.

Mr. RAYNER: To give you a brief history of the charges at country elevators: the elevator charges were 2 cents in 1934, changed to $1\frac{3}{4}$ cents in 1943; in 1947, $1\frac{7}{8}$ cents; in 1948, $2\frac{1}{2}$ cents; in 1949, $2\frac{1}{2}$ cents; right to August 1951, $2\frac{5}{8}$ cents, and they still remain the same. So the last change in country elevators was in August, 1951. The storage charges stand* at $1/30$ of a cent in 1933, and that is the first recorded here. It dropped to $1/45$ of a cent in 1940; to $1/50$ of a cent in 1943; to $1/45$ of a cent in 1945; in 1947 it was raised to $1/30$ of a cent; in 1948 it was made $1/25$ of a cent. That remained until 1951, when the maximum charge at country elevators was made $1/30$ of a cent, and it still remains at that. At terminal elevators elevation was $1\frac{1}{4}$ cents, and was changed in January, 1947 to $1\frac{3}{8}$ cents; in October, 1947, $1\frac{1}{2}$ cents; in August, 1948, $1\frac{7}{8}$ cents; in August, 1949, 2 cents; in 1950, 2 cents; in 1951, $2\frac{5}{8}$ cents; and that was the last change. Storage charges for terminal elevators were $1/30$ of a cent from 1934 to 1939; in 1940, $1/45$ of a cent; in 1943 and 1944, $1/50$ of a cent; in 1945, $1/45$ of a cent; in 1946, $1/45$ of a cent. Then they were dropped to $1/30$ and $1/25$ of a cent, which carried on until 1950, and in 1951 they were reduced again to $1/30$ of a cent, and that is current. The last change was in August, 1951. On interior terminals they followed the same pattern.

By Mr. Harkness:

Q. In your experience in the past few years, and particularly since 1950 and 1951, when these rates were last changed, could you say whether the elevator companies as a whole have been doing reasonably well financially under these rates?—A. I cannot tell you what they are doing.

Q. But what they do has some influence on your setting the rates?—A. Yes, but here we have to look at their operating costs. Their rates in that period have gone a long way up, but costs have gone a long way up. I do not know how the net position compares.

Q. You do not consider their net position?—A. We look at the whole thing, yes, but I am not in a position to quote figures for companies.

Q. I did not mean figures, but you have to get these rates in effect in 1950, 1951, 1952 and 1953. Is it fair to say that the elevator companies are beginning to make more money or less money?—A. I will answer this way. After examining all the facts that we have available to us, we did not think that any increase in rates was justified.

The CHAIRMAN: I think that is a fair answer.

Mr. YUILL: The Wheat Board would be a determining factor. If you take that as an example, what is in evidence in regard to the relationship of the grain handled to the ratio of the charges, I should think that would be a good indication of what has happened.

The WITNESS: I think that there is a compensating factor that should be mentioned in fairness to the companies. They have had enormous handlings and they handle like every other commercial company: if they get a big turnover they operate on a narrow margin.

By Mr. Argue:

Q. Enormous handling and enormous storage?—A. Earnings. I will express it that way.

Q. When you reestablish elevation and storage charges, do you try to make each category try to pay its own way, so to speak?—A. Generally, yes.

Q. Or is every one of those charges compensating the elevator companies particularly?—A. Not as far as any knowledge we have of that.

By Mr. Blackmore:

Q. Mr. Chairman, I would like to know who it was that pressed for the raising of charges at Churchill.—A. The National Harbours Board.

Q. That was the only organization that pressed for it?—A. Yes, they are the owners of the elevators.

The CHAIRMAN: Now, does that complete "Elevator Charges"?

Carried.

We take "Regulations of the Board".

New regulations were made by the Board during 1953 as follows:

Regulation No. 25—April 16, 1953, effective August 1, 1953, authorizing the use of revised form of Cash Purchase Ticket and substitution of "bushels and tenths" for "bushels and pounds" on all country and mill elevator receipts and tickets.

The WITNESS: The committee may remember that the necessary amendment to The Canada Grain Act was put through last year to make that possible.

Regulation No. 26—April 30, 1953, prohibiting delivery to licensed elevators of grain treated with mercurial fungicides or other poisonous compounds.

Amendments to existing regulations were as follows:

Regulation No. 16—January 8, 1953, providing for a nominal charge for issuance of additional weight certificates.

August 25, 1953, providing for recovery from licensee of overtime paid by the Board for inspection and weighing services outside regular working hours.

September 22, 1953, reducing fees for inspection of certain samples in the Eastern Division.

Regulation No. 9—October 2, 1953, changing procedure for collection of fees on samples submitted to Grain Appeal Tribunals.

All regulations in effect on August 1, 1953, were republished in the *Canada Gazette* on August 12, 1953, in accordance with section 19 of the Canada Grain Act. At that time certain minor revisions and editorial changes were made in twelve of these regulations including the elimination of the one-pound farmer's sample. You will remember that that was discussed—\$1.

By Mr. Harkness:

Q. What punishment is there for people who deliver grain that has been treated mercurially for instance?—A. I will get the regulation and read it to you. Frankly, we regard it as a very serious thing.

Q. I regard it as a very serious thing, too, and that is why I was wondering how serious the penalty was.—A. Regulation 26:

Every person who offers for storage or sale at a licensed elevator any grain which has been treated with mercurial dust or compounds, or with other poisonous materials, or grain mixed with other grain which has been so treated, shall, if an individual, be liable on summary conviction, to imprisonment for not more than three months or to a fine not exceeding Five Hundred Dollars and, if a corporation, shall be liable, on indictment or summary conviction, to a fine not exceeding One Thousand Dollars.

Q. Have you had very much grain of that kind coming in?—A. Not a great deal, but enough to make us rather apprehensive about the situation.

Mr. MILNER: 37 cars.

Mr. HARKNESS: 37 cars? When you get a car of that kind, what can you do with it?

Mr. MILNER: The inspector can tell you. He takes it. You get a letter from the people taking it to the effect that they are taking it for that purpose.

Mr. HARKNESS: It is taken as unfit for human consumption?

The WITNESS: Quite.

Mr. HARKNESS: But it is sold for animal consumption.

Mr. POMMER: Is this grain that was treated for seed and then not used?

The WITNESS: It was treated for seed and the farmer, wittingly or otherwise, threw it into a load and it goes into a country elevator.

By Mr. Harkness:

Q. Have you had many prosecutions?—A. Not a great number.

Q. Of those 37 carloads, in most cases the people that did it were not caught?—A. Those that were at least suffered the loss in value of the grain that we condemned.

Q. In those 37 cases, then, who suffered the loss?—A. The elevator companies.

Q. So that the onus is really on the elevator company to see that the farmer does not deliver this kind of grain?—A. As far as they can.

Q. Has the elevator company or the elevator agent any means of determining that?—A. I think that it puts the elevator agent in a very difficult position.

Q. I think so too. It seems to me that it should be possible to have some better means of protection against the farmer.—A. I will ask Mr. Dollery to tell you the physical difficulty of telling mercurially treated grain.

Q. I think it is impossible, particularly if it is mixed with another load of grain.

Mr. DOLLERY: What really happens is that a farmer might have two bags, four bushels or so, left from seeding that he has treated with mercurial substance. As Mr. McKenzie said, unwittingly or by design, he mixed it with his ordinary loads. That is delivered to the country elevators and it is very difficult for the elevator agents—and I emphasize this—to detect the mercurially treated grain. The consequence is that it comes forward in carlots. Our inspectors, of course, have proper light to do their grading and they detect this different colour. It is, of course, a pinkish red colour, and they have instructions to grade that carlot as condemned. They forward me a sample to Winnipeg for chemical analysis. When those samples are received in the inspection branch, our inspectors or myself personally separate the panagen treated, kernels. I submit these kernels to the laboratory under Doctor Anderson, and we put them under a dark light. That shows up the panagen treated kernels like jewels. We go further than that. When some kernels are treated with a chemical substance when it is necessary the results of the chemical tests always show positive. I immediately notify the grain firm concerned, and they are advised that they cannot unload that car at any terminal or mill elevator. We guard against that in the terminal elevators, as we do not want that in our export standards. In mill elevators, of course, it would go into human consumption. The next step is that the elevator company would find out what feed manufacturing plant can handle it. They give me a letter certifying that this particular car is going into a chopping mill—they give me a letter to that effect. We have on file a letter

for every car that has been condemned—I release the car as feed, with dockage, if necessary—and in a car that we have treated that way, there has been no chance of harm to any animals or chickens, or anything else.

Mr. HARKNESS: The percentage has to be fairly high before it is dangerous to animal food?

Mr. DOLLERY: I would say roughly one part in a million, as Dr. Anderson says.

Dr. ANDERSON: One part per million would not be too dangerous as it would not kill an animal with one meal.

Mr. JOHNSON (*Kindersley*): In other words there has not been 37 cars of treated wheat but this number of cars have been contaminated by a small quantity of treated grain?

Mr. DOLLERY: We have 37 cars containing some damaged kernels, but the percentage has been very, very small.

Mr. HARKNESS: Was any effort made to trace those back to individuals who delivered it?

Mr. DOLLERY: We did have a case at one time but it did not materialize. I am waiting for a special bin sample where a farmer has a special bin with some grain, so that we would know who it belonged to. But after it was delivered to the country elevator by the different farmers and goes into the same bin, then the elevator company cannot tell whose grain it is. You have got to have definite evidence in order to support a case.

Mr. POMMER: Who pays the penalty?

Mr. DOLLERY: The elevator company which ships the grain.

Mr. MANG: About what quantity would contaminate a carload of about 2,000 bushels? Would it be ten pounds.

Mr. DOLLERY: No. If I had a two and a half pound sample taken from a car and it contained any damaged kernels I am going to condemn it because I cannot take a chance of its getting into our export overseas.

Mr. MANG: So that if there was any of this treated wheat, you would condemn the whole bin?

Mr. DOLLERY: Certainly.

Mr. ARGUE: What publicity has the board attempted to give to this problem, setting forth that it is against the law. The first I remember having seen anything about it was a year ago.

Mr. MILNER: They have big posters in the elevators saying there would be \$1,000 fine.

Mr. ARGUE: When did you put the posters there?

Mr. MILNER: Last fall.

Mr. ARGUE: Within the last year, though. When did you get your first car of contaminated grain.

Mr. DOLLERY: April 17th, 1953.

Mr. JOHNSON: It is part of your regulations, then?

The WITNESS: Yes, part of our regulations.

Mr. DOLLERY: Let me read you circular No. 97 dated March 16, 1939. We had evidence of this before, you know, but we did get any admixtures through in car lots. The circular reads as follows:

It has been brought to the attention of the Board that a number of country elevator operators are treating farmers' grain in the driveway of their elevators with ceresan.

This practice involves the grave danger of Ceresan dust settling in different parts of the elevator and the possibility of contamination of

stored grain. Ceresan-treated grain is poisonous, and under no circumstances can be accepted by elevators for marketing or shipped out if inadvertently contaminated while in the elevator.

Instructions have been issued to the Board's Inspection Branch that any grain found to be tainted with Ceresan or other mercurial dust will be graded "condemned".

On April 30, 1953, this was the regulation of the board. It reads as follows:

Department of Trade and Commerce

BOARD OF GRAIN COMMISSIONERS FOR CANADA

In order to prevent the entry into commercial channels of grain treated with poisonous fungicides, the Board has made, effective immediately, the following Regulation No. 26:

REGULATION NO. 26

Delivery of Treated Grain to Elevators

Every person who offers for storage or sale at a licensed elevator any grain which has been treated with mercurial dust or compounds, or with other toxic materials, or grain mixed with other grain which has been so treated, shall, if an individual, be liable on summary conviction, to imprisonment for not more than three months or to a fine not exceeding Five Hundred Dollars and, if a corporation, shall be liable, on indictment or summary conviction, to a fine not exceeding One Thousand Dollars.

Mr. HARKNESS: I suggest that greater consideration should be given to publicizing the dangers of this practice and to efforts to prevent it. I know quite a lot of farmers and I think that they quite inadvertently have paid very little attention to it. They might know there was a bushel of seed left over in their bin, and they would put fresh grain on top of it, and eventually it would go to the market.

Mr. DOLLERY: The grain trade has done everything possible to instruct the agents and farmers to be on the watch for this treated grain everywhere.

Mr. MANG: It is possible when the farmer is putting grain into the elevator that he will take some of this material along which he has treated, and it will be shaken out while it is coming through the spout.

Mr. DOLLERY: In the wagon, you mean?

Mr. MANG: In the wagon or drop.

Mr. DOLLERY: It is possible, if he wants to try to get away with it.

Mr. STUDER: There is a considerable number of machines being sold, little attachments to attach to the elevators in the country which would gather up the material such as dust from being lodged in the truck, and I think there has been some agitation to eliminate that method, because some of it might stay in the elevator or the conveyor. You will notice these little machines advertised almost everywhere to eliminate some of the work, and it may result in the lessening of a dangerous practice.

Mr. DOLLERY: That information has gone out to the country advising the farmer to clean the wagons thoroughly or any receptacles they may have for their seed grain treated with mercurial compound, seeing to it that there is no possibility of some of this material remaining in the corners of the wagon.

Mr. MANG: It was because of that practice that I asked the question as to how much of this material would contaminate perhaps a whole bin. He might be quite innocent and not think about what the results would be.

Mr. DOLLERY: We cannot take a chance on it getting into our elevators.

Mr. ARGUE: I take it from the statistics we have already been given of the carloads of grain that have been inspected, that 37 carloads were contaminated out of some 400,000, and therefore you are getting at least one or less than one in every 10,000 cars. Thirty-seven cars surely does not constitute a reflection on the procedures of the grain trade or on anyone else. I think that is a tribute to the honesty and integrity of those who are engaged in the grain business.

Mr. DOLLERY: Yes. It was something we had to stamp out right away.

The CHAIRMAN: Can we carry this before we adjourn?

Carried.

HOUSE OF COMMONS

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

Respecting

The Report of The Board of Grain Commissioners for 1953

WEDNESDAY, MAY 12, 1954

WITNESSES:

Mr. D. G. McKenzie, Chief Commissioner, Mr. J. Vallance, Commissioner,
Mr. R. W. Milner, Commissioner and Transport Controller, all of the
Board of Grain Commissioners.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.

and

Messrs.

Anderson,	Fulton,	Montgomery,
Argue,	Gingras,	Murphy (<i>Westmorland</i>),
Batten,	Goode,	Perron,
Blackmore,	Gour (<i>Russell</i>),	Pommer,
Boucher (<i>Chateauguay- Huntingdon- Laprairie</i>),	Harkness,	Poulin,
Bruneau,	Harrison,	Purdy,
Bryson,	Huffman,	Proudfoot,
Byrne,	Johnson (<i>Kindersley</i>),	Roberge,
Cardiff,	Kickham,	Schneider,
Castleden,	Kirk (<i>Antigonish- Guysborough</i>),	Stanton,
Charlton,	Lusby,	Stick,
Clark,	MacKenzie,	Studer,
Decore,	MacLean,	Tucker,
Demers,	Mang,	Villeneuve
Deslières,	Massé,	Weselak,
Diefenbaker,	Matheson,	White (<i>Middlesex East</i>),
Dinsdale,	McBain,	White (<i>Waterloo South</i>),
Fontaine,	McCubbin,	Wylie,
Forgie,	McLeod,	Yuill,
	Michaud,	Zaplitny—60.

(Quorum 20)

E. W. INNES,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, May 12, 1954.

The Standing Committee on Agriculture and Colonization met at 3.30 o'clock p.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Blackmore, Bryson, Byrne, Cardiff, Castleden, Charlton, Decore, Deslières, Dinsdale, Forgie, Gingras, Gour (*Russell*), Harkness, Harrison, Huffman, Johnson (*Kindersley*), Jutras, MacLean, Mang, Massé, Matheson, McLeod, Pommer, Roberge, Schneider, Stick, Studer, Tucker, Villeneuve, Yuill, and Zaplitny.

In attendance: From the Board of Grain Commissioners for Canada: Messrs. D. G. McKenzie, Chief Commissioner; J. Vallance, Commissioner; R. W. Milner, Commissioner; J. Rayner, Director of Administration; K. Hlynka, Secretary; A. F. Dollery, Chief Grain Inspector; Dr. J. A. Anderson, Chief Chemist.

The Committee resumed consideration of the Report of The Board of Grain Commissioners for Canada.

Mr. Argue raised a question of Privilege regarding information given to the Committee at the last meeting.

Mr. McKenzie replied to Mr. Argue and further corrected the evidence given by him at the previous meeting.

The following sections of the Board's Report were considered and adopted: Supplementary Storage, Storage of Foreign Grain for Re-Shipment from Canada.

At 5.55 o'clock p.m., the Committee adjourned until 11.00 o'clock a.m., Thursday, May 13.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

WEDNESDAY, May 12, 1954.

3.30 P.M.

The CHAIRMAN: We will come to order, gentlemen. We will proceed where we left off yesterday. We had just disposed of the regulations of the board on page 12. Now we go to Supplementary Storage.

Mr. ARGUE: Mr. Chairman, I rise on a question of personal privilege. It arises out of a number of questions I asked yesterday afternoon as to whether or not the Board of Grain Commissioners issued on its own behalf a monthly publication setting forth the countries where Canada had exported grain during the month and the quantity of grain exported, and I was told that no such publication was put out by the Board of Grain Commissioners itself, and that if there was any such publication that it was borrowed from the Dominion Bureau of Statistics. I felt at that time my memory was correct, but I did not have the document with me. I went up to my files and I found the document issued by months for the present crop year. This is the document. It is entitled "Board of Grain Commissioners for Canada, Statistics Branch, Export of Canadian Grain and Grain Products, March, 1954." Throughout the number of pages in this document it sets forth country by country the quantity of grain exported by each country down to the single pool for the month of March.

My question of privilege is this: when we have here the Board of Grain Commissioners and members of parliament are seeking information, that information should be divulged and all of it divulged, and when a question which I take it is very simple and one that one would ordinarily expect some member of the Board of Grain Commissioners here before us, or some member of the staff, to know something about it, namely a publication of this kind, we should not be told that a publication is not made and if any such thing is in existence it is borrowed from the Dominion Bureau of Statistics.

The CHAIRMAN: If I may be permitted, Mr. Argue, I think that there is just a misunderstanding, because yesterday when the chief commissioner placed in my hands the list of all publications issued by the department, the secretary also had that in his hand, and I showed it to the committee. I did not read it in full. I did not realize that this was the publication that you had in mind, and I am sure that the commissioners did not, but it was here available and I held it in my hands yesterday at the time, and that is the one you are referring to.

Mr. ARGUE: My statement is not in regard to yourself, in that you were not able to recognize the document in question as soon as you saw it, but here are the Board of Grain Commissioners and they say they did not know anything about it. I suggest that a matter of a publication may not be as important—certainly is not as important—as the very grave responsibilities that this board must discharge on behalf of the producers, and if the board comes here and is incompetent and inefficient—

The CHAIRMAN: Well, now—

Mr. ARGUE: —to the point that they do not know that such a publication is put out by their office, even though we can read about it in the daily press in Canada once a month, it is little wonder that tens of thousands of farmers in western Canada are steadily losing confidence in the personnel of this board.

The CHAIRMAN: Order. I do not think that this is quite called for. As I said, you did not get my point. The point I was raising was not simply that I had not interpreted it, but I think the commissioner did not quite get the portent of your question. He had no desire to withhold this information, because he left it with us, the very document that you are saying was withheld. It was not withheld, because it was given to the chairman. It was given to me along with the other publications. I do not think it is quite fair to say that the commissioners withheld the information. However, the commissioner can explain the situation if you will allow him a chance to so explain.

Mr. ARGUE: I will allow him, but my statement was that the document was not disclosed in answer to my question, which was very specific and very clear and very precise and in the same kind of language that I have used today. If this document were produced yesterday and handed to the chairman as being the document that I was asking about, something should have been said in the evidence that showed that that document was available. Instead of that the evidence says that such a document did not exist, and that evidence is on CC-13 of yesterday afternoon's proceedings. I had been asking about this document. I had been told that such a document does not exist, and Mr. Rayner says: "Grain Statistics Summary", which this is not. On CC-15 Mr. Rayner again says, "The one that shows the countries is issued by the Dominion Bureau of Statistics. We reissue it. It is shown as 'Source Dominion Bureau of Statistics'." That is not correct. Here is the document. "Dominion Bureau of Statistics" is not mentioned on it.

Mr. POMMER: Before the chairman speaks, I wonder if the transcription of yesterday's proceedings is available to the members of this committee. I notice that the hon. member, Mr. Argue, has one. I wonder if that would be available to all of us.

The CHAIRMAN: The transcript is, of course, not yet available as such. There is always a copy of the stenographic report left with the clerk of the committee for those who wish to consult it before it is printed, and I presume that this is what Mr. Argue has.

Mr. ARGUE: The unrevised edition.

The CHAIRMAN: The carbon copy of the original copy, which is left with the clerk for anybody to consult if they so wish. I think we would like to hear from Mr. Milner.

Mr. MILNER: In answer to what you stated, Mr. Rayner was incorrectly quoted as answering that question; I answered it. I answered it on this basis. We have this list of statements made from our board, and one of them says: "Monthly report received from Dominion Bureau of Statistics of exports of wheat flour, rolled oats, oatmeal and country of destination". In our issuance we have the "Monthly booklet showing total exports (including wheat flour, rolled oats and oatmeal) by grain cumulative totals to date and export prices (includes U.S.A. imports of Canadian grain)". I stated to you at that time, sir, that the information which we received and the source of the information was the Dominion Bureau of Statistics. That is entirely correct, and we do issue the article. I did not say yesterday that we did not issue it. Somebody else may have, but I did not.

Mr. ARGUE: I was not addressing myself to any remarks you made yesterday whatsoever, because on the stand at that time as the official witness was the present witness, and Mr. Rayner said—

Mr. MILNER: It was incorrectly quoted as Mr. Rayner.

Mr. ARGUE: The item under discussion was the statistics paragraph in this booklet. I stand on the basis of the evidence I have in front of me, copy of yesterday's transcript. I had asked if such a publication was made by the

Dominion Bureau of Statistics, and the answer I got was "No". It seems to me that the board's personnel might have known yesterday that this was in existence.

Mr. MILNER: I have told you that it is available.

Mr. ARGUE: I beg to differ. You did not tell me yesterday that this publication was available.

The CHAIRMAN: What page are you referring to?

Mr. ARGUE: CC-15. To get it all back on the record, we would have to start all over again. I would be happy if the chairman decided to read those pages of evidence. I had begun to ask whether there was a publication put out by the Board of Grain Commissioners on a monthly basis giving information as to the quantities of grain exported to each country by months, and I was told that there was no such public information available, that the Board of Grain Commissioners did not make such a public document available.

The CHAIRMAN: Order. There is too much noise. The reporter cannot hear.

Mr. ARGUE: I suggest, too, Mr. Chairman, that if this copy was in your hands yesterday the Board of Grain Commissioners should have held up the copy, read what it was and told the committee that such a document was published.

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners, recalled:

The WITNESS: Mr. Chairman and gentlemen, there is some justice to the charge that has just been made, but I assure the committee and Mr. Argue definitely that never at any time do we desire to withhold information from the committee if we understand thoroughly what that information is. Let me say this: I am not going to try to justify the fact that I did not recognize the document at all, for the simple reason that we handed a list to the secretary of eight pages of documents and reports of various kinds that we publish, and that was included in it. I do not know the nature of all the reports we issue. It was a mistake on my part, and I apologize to the committee for it. I want to go one step further, sir. Unfortunately, I made two mistakes yesterday, and I ask the consent of the committee now to correct the second mistake that I made. I drafted this just before I left my room in the hotel, so that I will now clearly state to you what I should have said yesterday. I regret that in giving the answer yesterday, appearing on page 120 and also on page 122 of the transcript, to a question asked by Mr. Argue I gave a wrong impression to the committee. The question was asked whether, if anyone wanted to know what the average at elevator A located at point B was, our board would give the information. My reply was "Yes". Unfortunately, I did not then understand the full implication of the question. I am sure that every member of this committee will realize that in a highly competitive business this might constitute a grave injustice to the local agent and to the company by providing the competitors with a weapon that they could unfairly use. I desire now to correct my answer and to say that we would not give such information. I regret those things, gentlemen, but I am not infallible and if I see a mistake I am going to be honest enough to admit it to you and do the best I can to correct it. May I add one other thing, Mr. Argue: you asked another question yesterday, and I have the information for you. You asked for the breakdown of estimated carry-over on farms by provinces. Our source of information is bulletin No. 18, dated 18th August, 1953, Dominion Bureau of Statistics. The breakdown of farm-held stocks of wheat at July 31, 1953 by provinces is as

follows: This is wheat—Manitoba 2.3 million bushels; Saskatchewan, 64 million bushels; Alberta, 23 million bushels. I think, Mr. Argue, that is the information you wanted in that respect.

The CHAIRMAN: Does that clear the incident of the publications?

By Mr. Argue:

Q. Mr. Chairman, I would like to pursue this new information. We have been told that members of the committee cannot obtain the overage figures from elevator company A at point B, because, as Mr. McKenzie has said, that is different information than the information we were given yesterday. Do I take it from the answer that the overage that we cannot obtain is the simple overage figure?—A. At the local elevator, for the reason I have suggested to you.

Q. And it would then follow from that, would it not, that it would be impossible to get any information as to purchases of grain by grade?—A. You will have to direct that to the Wheat Board.

Q. Receipts, in other words?—A. We have nothing to do with the purchasing of grain, and we have no figures available as to the purchases.

Q. You do not have figures available?—A. Not for purchases.

Q. As to receipts?—A. We can give it to you at the end of the year.

Q. For the year?—A. Yes.

Q. By grades, tough, damp and all the rest of it?—A. We can give you the grades. This is the country elevator annual report that we get at the end of the year, and only at the end of the year. This gives the breakdown in figures for No. 1 Manitoba Hard, No. 1 Manitoba Northern, No. 2 Manitoba Northern, No. 3 Manitoba Northern, No. 4 Manitoba Northern, Numbers 5 and 6 Wheat, 1 C.W. Garnet, 2 C.W. Garnet, 3 C.W. Garnet. This is the form in which the companies are making their report this year. It was not available last year. This year we are asking them to break that down to show the tough wheat and the damp wheat and the special bin wheat and all other grades and similarly through the coarse grains which we also asked for. That is available at the end of the year.

Q. We can get a statement of the receipts of each elevator company for each elevator house operating at each market point in western Canada covering the list of information and grades you mention now. That will be a step forward, I would say, and I hope the answer continues to be "yes".—A. We made this information available—some 5,400 of these sheets. We made them available to the office of the farmers' union some two or three years ago; it involves a lot of work. In addition to that we get from the companies every year another form which shows the handlings for the company and this gives stocks on hand—primary receipts, reshipment receipts, transfer receipts and the total. Primary shipments, reshipment shipments, transfer shipments and then "on hand at the end of the year"—that is the total—and that is given for different grades. That is for Durum wheat, oats, barley and flax, rye and corn, and from those figures we are able to determine the overage or shortage in the handling of grain in country elevators.

Q. And those overages or shortages are not available to members of this committee?—A. Yes, by companies and we will give them to the committee today.

Q. Then you will have to correct a statement made to me yesterday that you could not give the overages and shortages of country elevators for elevator "A" operating at point "B"?—A. I could, I suppose, but that would involve us in a terrific volume of work but it is not impossible.

Q. Could we get it if we asked for it?—A. I do not know if we would be justified in going into all that work.

Q. Could we get it if we asked for 50 places?—A. If you asked for 50, you could, I suppose, ask for 250. That is information we have available and we will not withhold any information from you which we can reasonably supply you with.

Q. You will not withhold it from us but you tell us that you will not give a member of this committee the overage or shortage of elevator company "A" operating at point "B"?—A. That is right.

Q. How can you tell us the information is there in one breath and in the next breath tell us that you will not give it to us?—A. We have the information available from these reports.

Q. You have it but we do not?—A. But for the reasons I suggest. I think you can understand—I think every member of the committee will appreciate this—that if we disclose this information at a point where there were three or four country elevators competing, the opposition to that elevator gets that information then and the day they do they can go out through the country advising all and sundry that so and so is not operating their elevator consistent with the provisions of the Act, they are robbing the farmers and so on and so on. We do not think it is fair.

Q. Mr. Chairman, that is a very strange analysis of something that is public business and I suggest to you that the handling of grain is no longer a competitive business. There is no competition in the business. There is competition there in name only, but when any elevator company—I do not care what company it is—gets an empty elevator house and the Wheat Board declares it an alternate delivery point the farmers will jam that elevator within 24 hours. We see it happen time and time again. You tell me there is competition in it—I just do not see the competition. As far as one company using information against another company is concerned, it could not use that information to the detriment of the other company unless there is something in it that should not be in it. I am a member of a consumers' co-op—a number of them. Our local consumers' co-op publishes its own balance sheet, its own annual report and in that co-operative report is listed every conceivable item of sales—the amount of sales, the shortage, the overage, the manager's salary and everything else. The patrons are given full information that is good for their local business and I suggest to you that if it is good for the local co-operatives as I am sure it is because they are growing by leaps and bounds, that this business which is public business—because the farmer has no control over his grain and I as a farmer and I like it this way, mind you, do not misinterpret me; I like sending my grain to the Wheat Board and I like selling it, if I could, to the elevator of my own choice,—but because of the body of regulations and boards built into the grain handling business the wheat producers believe this is public business and there should be public control and there should be the fullest possible disclosure of information. I wonder if Mr. MacKenzie has seen the statement given in the House of Commons on February 22 which appears at page 2292 of *Hansard* in answer to a question of mine? I will read the question and the answer:

Does the board of grain commissioners obtain the overage or shortage incurred by each elevator company in its operations at each marketing point in western Canada?

2. If so, what are the most recent figures available showing such overage or shortage for each elevator company at each marketing point?

The answer to the question was given by Mr. Dickey the parliamentary assistant to the Minister of Trade and Commerce and it is as follows:

Mr. DICKEY: I shall answer this question orally. The first part of the question asks for the overages or shortages incurred by each elevator company in its operations at each marketing point in western Canada.

The answer to that question is that the board obtains from licensees of country elevators, in accordance with regulations made pursuant to subsection 16 of section 15 of the Canada Grain Act, statements for each country elevator in the form of statutory declarations, showing gross and net receipts and shipments during each crop year and stocks in store of each kind of grain at the end of each crop year. From these sworn statements gross and net shortage and overage positions for each country elevator are calculated.

Then the second part of the question asks for the most recent figures available showing such overage or shortage for each elevator company at each marketing point.

The answer is that the most recent figures available showing shortages and overages for each elevator company at each marketing point are those for the crop year 1952-53. This information is contained in 5,042 documents. It is obvious therefore that it would be a most laborious task to have these copied. If the hon. member has some particular marketing point in mind, I would be happy to get the information for him, but I doubt if he wants to put the board of grain commissioners to the trouble and expense of copying the entire material.

And then we have Mr. McKenzie here today, and he says that that information will not be disclosed to the members of this committee—the overages or shortages—as stated by Mr. Dickey for a given elevator company for a given elevator house at a given marketing point.—A. If Mr. Dickey asks us for it obviously we will give it to him. If Mr. Dickey or any member of the government asks for it we will give it to him. But remember this: we are a board that must be impartial in the administration of the Canadian Grain Act. I do not think anyone will dispute that. When we are asked to give information at a point—and I will interject this now—let me say I still believe there is a lot of competition in the Canadian grain market.

The CHAIRMAN: On this point I think I should intervene at this stage. We are dealing now with a question purely and simply of privilege. There is one member of the committee who asks for information and the commissioner holds the view that giving information for each individual station is privileged and it would appear that the House, as you already stated, has pretty well decided we should treat it as privileged information because that is the opinion that was given to the House and it was left at that point. I do not suppose we could solve that point here today, whether we should treat this as privileged or not but seeing that the House has already passed on this and treated it as privileged I think we should consider that particular information for each individual station as privileged information and there are very good grounds, as has been pointed out, that it may not be in the public interest as a whole to divulge this information. This is nothing new. It happens in all departments and it is just the same rule of thumb that applies to all privileged information in all departments. The danger is that when a figure is given without all the explanation attached to it that it may give a wrong impression when you keep it down to the individual station. However, I would hope we could leave that at the moment.

Mr. ARGUE: Mr. Chairman, your statement that the document was privileged was based on this record in the House. I suggest to you with great respect—

The CHAIRMAN: I have not seen it—

Mr. ARGUE: I have it here—

The CHAIRMAN: You have placed it on the record—

Mr. ARGUE: —that as far as the parliamentary assistant to the Minister of Trade and Commerce is concerned in the statement that he made that the document was not privileged he suggested 5,042 documents were more than I should ask for because it was too big a task and I thought it was reasonable for him to say so and I did not again ask for the 5,042 documents but he did say that if I had some particular marketing point in mind and asked for the information it would be made available.

The CHAIRMAN: That is quite true, but I think you should remember at the same time that the board has never given figures on sales or marketing later than the crop year. Now, this year, because of particular circumstances, as you know, the minister has leaned over backwards to give a little more information and it has been stretched to the end of the calendar year, giving a little more information than usual. However, I think the minister has made it clear that in so doing he was not establishing a precedent and did not want to give that information generally speaking because it did place the board in a more difficult position to market the grain. Now, concerning this point, I do not think the parliamentary assistant made any statement as to whether it was privileged or not. He said he might give you the information on one, two, or three points, but by the same token I do not think we should infer from that remark that all this information is always available at all times to everybody. I think there is a difference. As far as I can remember, since I have been a member of this House, this information has always been treated, to my recollection, as privileged information, and I think that will be the recollection of most members here in the committee.

Mr. ARGUE: I am not disputing that suggestion, Mr. Chairman, but this was a request for information for the crop year 1952-1953 and did not carry over into the new crop year 1953-1954 and Mr. Dickey not only said he would make it available but said he would be happy to get the information and what we are told now is that the information, as far as members of this committee are concerned, is a secret, but that Mr. Dickey can get it.

The CHAIRMAN: I do not think you should use the word "secret"; it is "privileged", I think. There is a little distinction between "secret" and "privileged".

Mr. ARGUE: Well, it is somewhere we cannot get it.

The CHAIRMAN: You mean not made public?

Mr. ARGUE: That is correct.

The CHAIRMAN: But as I remember it, there is no doubt that if you wanted to go and have a look at the figures, probably you could get them.

Mr. ARGUE: Oh no. I do not want information for myself unless it is public information. If it is not public information, then I do not care to see it because I consider that I would have no business to see it.

The CHAIRMAN: I was not making any commitment because I am not in any position to make commitments.

Mr. ARGUE: I want to protest against the amendment in the committee being made by a government official in regard to a question which was stated to be a matter of policy by a parliamentary assistant.

The CHAIRMAN: I do not agree with you, Mr. Argue. I do not think it was a matter of policy which was announced. I do not think that Mr. Dickey was announcing government policy.

Mr. ARGUE: Then whose policy did he announce?

The CHAIRMAN: I think there is a difference. He said that they might make it available, but that was not government policy as a general policy. However, when the minister comes we can get a clarification of it. He will be coming to the committee at the first opportunity. He is tied up with the Japanese Treaty this afternoon.

Mr. GOUR: I do not think that it would be against the interest of the farmers and the elevators to have these details made public. It would be for the good of the farmers, the producers and the elevators. Therefore why should we have an argument about it by Mr. Argue?

Mr. CASTLEDEN: It was not a question of whether or not it was in the interest of the farmer that we were considering. It was about having this information placed before this committee if we so desired. It was only a question of whether it was or was not privileged information, or information which was or was not available.

Mr. GOUR: If you do not find it to be better for the farmers to employ qualified people and business people, then there is no use in putting them in a position of advantage over your own people.

Mr. ARGUE: We shall be hearing from the farmers tomorrow morning.

The CHAIRMAN: Now I think that disposes of publications and regulations. Before we go on, however, I think I should say that there has been a little heated argument so far and I am sure that everyone wants to be fair and not leave anything on the record which is unfair to anybody in the room.

I think that in the words which you used, Mr. Argue, possibly the wrong impression may have been left on the record, that the board withheld information intentionally yesterday. I do not think that was your intention and I think that in fairness to yourself and to the board it should be made clear that it was not their intention to do so and that there was a misunderstanding between the two parties.

Mr. ARGUE: I understood that it was not the intention of the board at that time to withhold the document; but there was not a member of the board who even knew that such a document existed. That is the thing that bothered me, that the very people who issued a document did not know it was being issued.

The CHAIRMAN: I do not think I should take up the time of the committee now to read yesterday's record.

Mr. ARGUE: Yes, let us read it all.

The CHAIRMAN: Maybe we could clear this up then. I shall now read page CC-13. Your first question was—

Mr. ARGUE: Why not turn back to page CC-12?

Mr. DECORE: What is the purpose of going back into this? I think we are just wasting a lot of time.

Mr. BLACKMORE: You are right.

The CHAIRMAN: I think in fairness to the board and to everybody concerned we might as well clear up the matter once and for all. The record can speak for itself. It reads as follows:

"By Mr. Argue:

Q. Could you give the members of the committee some idea of the kind of statistics that are available to members from month to month or week to week—some of your main publications?—A. Yes, I would be glad to give you that in a minute. I have here, and I would be glad to leave it with you, a summary of records and statistics issued by the statistics branch of the Board of Grain Commissioners and derived

publications. There are eight pages listing the various documents and information that we make available. I do not suppose that you want me to read the eight pages, but I will be glad to leave it with the secretary.

Q. What public records are available as to exports by countries?—A. The Wheat Board will give you those statistics. They export it. Here are the Canadian grain exports for the crop year 1952-53. This is issued by our statistics branch and is available.

Q. You do issue month by month a report by countries of the quantities of grain exported to those countries?

The CHAIRMAN: I think that is the Department of Trade and Commerce.

The WITNESS: The Bureau of Statistics, I think, makes that available.

The CHAIRMAN: That is the Wheat Review?

Mr. ARGUE: No. I do not think I have one here, but it is a document that you issue month by month giving the quantities of grain exported. The last was March, giving the quantities of grain exported from Canada, wheat and wheat flour, and so forth, by countries.

The CHAIRMAN: What is the title?

Mr. RAYNER: Grain Statistics Summary.

The WITNESS: We issue that, but I do not believe that is what we were wanting.

Mr. ARGUE: You have a yearly publication, your publication. Is this not compiled from monthly data, interim monthly reports on these exports issued by you? I got this from your office.

The WITNESS: Mr. Rayner, can you give details of that?

Mr. RAYNER: It will show on that list.

Mr. ARGUE: They are published in Winnipeg.

The WITNESS: Is it a monthly report that you want?

Mr. ARGUE: Yes.

The WITNESS: I can give you a list of our publications: Monthly report of cars loaded and unloaded by railway and elevator; Monthly report of cars unloaded for all other terminal sections in the western division; Monthly statement of outward inspection sheet numbers at Lakehead; Monthly statement of inward and outward inspection sheet numbers at Pacific Coast; Monthly report of cars loaded out by elevators and railways—Lakehead only; Monthly totals of receipts and shipments by elevators for each terminal section in the western division; Monthly statement of Net and Gross average by car, railway and grain for each terminal section in the western division; Monthly statement of weighted average freight rates on grain from the Lakehead; Monthly statement of vessel outturns of cargoes by ports of unload. That seems to be the list of what we issue monthly.

Mr. ARGUE: The one I want to know about is export clearances by ports by months.

Mr. RAYNER: The one that shows the countries is issued by the Dominion Bureau of Statistics. We reissue it. It is shown as 'Source Dominion Bureau of Statistics', etc."

Mr. ARGUE: Very well.

The CHAIRMAN: I think it is pretty clear from that.

Mr. HARRISON: I think we ought to put this thing in its proper perspective. I think that about the only man who was interested in this matter was Mr. Argue; and you know how many members there are on this committee. That

just about sets it up as to what value this argument has in this committee. And Mr. Argue was told by the minister's assistant that he could get all this information that he wanted.

Mr. ARGUE: In answer to Mr. Harrison I would like to say that I, as a member of the committee, asked a certain question. I do not think it is correct to say that I was the only person who was interested in knowing the amount of Canadian exports month by month.

Mr. HARRISON: You are the only one who is interested in this publication.

Mr. ARGUE: I did not interrupt you, Mr. Harrison; just a minute. I do not think that I am the only person who is interested in this thing. That publication gives us certain information. I received what I expected was the full information covering this question. My question of privilege today was that the information which was placed before the committee yesterday in answer to this question was incorrect. As we know, the Chairman has read yesterday's record into today's record and as he said, we will let the record speak for itself.

The CHAIRMAN: I think this matter is quite clear now.

Mr. RAYNER: Mr. Chairman, there was an inaccuracy in some of yesterday's transcript when I was credited with the remarks of Mr. Milner.

The CHAIRMAN: Yes, the reporter made a little error in that respect. You will appreciate that I attempt to indicate to the reporter the name of the individual who is speaking at the time but sometimes it is impossible to do so. Therefore the record yesterday should read Mr. Milner instead of Mr. Rayner. I can assure you that we will have that corrected. That was the unrevised copy; but when it is printed in the minutes of proceedings it will read correctly and it will read Milner instead of Rayner.

Mr. HARRISON: In reply to Mr. Argue let me say this: He implied that what I said just now was that I said no one was interested in our exports. No such thing was ever said. I said he was the only man who was interested in this particular publication. That statement still stands and I do not want to whisper it.

Mr. CASTLEDEN: I think we should try to see that all the members have equal rights. I do not think it was fair to say that a certain member was the only one who was interested in this information.

Mr. HARRISON: I said that he was the only one who showed interest.

Mr. ARGUE: Well, you have shown disinterest more than once.

The CHAIRMAN: I think we are now ready to start with "supplementary storage". Now, Mr. McKenzie—

The WITNESS:

SUPPLEMENTARY STORAGE

Because of the continued congested grain storage situation during the year, the Board continued to authorize country elevator licensees to use suitable supplementary storage space for warehousing wheat under authority of Order-in-Council P.C. 5122 of September 26, 1951.

At December 31, 1953, 82 buildings with a capacity of 4,411,738 bushels were authorized for supplementary storage. These buildings were inspected by Assistant Commissioners to ensure that they met with certain structural specifications. The authorizations represent an increase of 24 buildings and two million bushels capacity over authorizations for the previous calendar year.

By Mr. Harkness:

Q. What are these buildings, are they annexes to country elevators?—
A. They are “off the track storage”, mostly, and are buildings of various kinds, sometimes skating rinks, sometimes curling rinks, and I think there have been two or three old buildings taken over from war services.

Q. It might be a building of any kind as long as it is approved by the board as a building suitable for storage?—A. That is quite right. The particular qualification we look for as premises for which this supplementary license is granted is that they be waterproof and of such substantial construction as to justify their use for such purpose, and shall be free from rats, vermin, and taint.

By Mr. Johnson (Kindersley):

Q. Is any charge made by the elevator company for moving grain from their premises to supplementary storage?—A. There is no charge that we authorize. I cannot tell you what they may do.

Q. If they make a charge to the individual delivering wheat, that is a certain contravention of the act?—A. A man will drive into an elevator with a load of grain; the grain is weighed and he takes it over and puts it into the off site storage, or, if that is not convenient, the elevator operators might draw it over themselves. Can they do that?

Mr. MILNER: There is no charge made for the drawing.

The WITNESS: There is no charge made for the drawing.

Mr. HARKNESS: There is no charge for the grain?

The WITNESS: Oh yes, they earn the storage, yes.

By Mr. Castleden:

Q. Have you had many cases of spoilage in that type of storage?—A. Not many that I recall. I would say no. As a matter of fact I think we have more requests for out of turn cars in order to move grain which may be beginning to heat, or become infested, or something of that kind out of permanent annexes than we have out of temporary off the track storage.

By Mr. Argue:

Q. What would be the reason for that?—A. Much of that wheat may have been of the 1952 crop that was so damp and tough and was not disposed of, and there may have been leakage in the annex, or any one of a similar set of conditions.

Q. How do you find supplementary storage premises with respect to suitability for storage, as compared to the regular elevators?—A. I do not think we have any reason to believe that the loss in supplementary storage is any greater, on a percentage basis, if you like, than in the annexes; and normally it does not stay there as long as it would in a permanent annex.

Q. Could you give us either now or at some later time some indication of the amount of permanent annexes that have had spoilage or a percentage of spoilage, just something to give us a picture as to the relative risk of having grain in permanent storage, regular houses, and supplementary storage?—A. I think we can give you something to approximate that when we give you the figures representing out of turn cars. They will not be exact but they will give you some idea. That is one of the main reasons that out of turn cars are asked for.

By Mr. Johnson (Kindersley):

Q. In connection with the question which I asked you concerning the charges made by elevator companies for moving grain to detached annexes, what proceedings would the Board of Grain Commissioners take if an elevator

company was found to be doing this.—A. Well, if we found an elevator company making any charge outside of what is authorized we proceed to take action against them.

Q. I know of one case—and I saw the ticket—where an elevator company was deducting one-half a cent per bushel for transporting grain to a detached annex. It was investigated by the commissioner and to my knowledge no action was taken.—A. If you give us details of the incident we will investigate it and see what can be done.

The CHAIRMAN: Any more questions on that?

Carried.

"Storage of foreign grain for re-shipment from Canada." Mr. MacKenzie?

The WITNESS:

STORAGE OF FOREIGN GRAIN FOR RE-SHIPMENT FROM CANADA

Under authority of subsection (29) of section 15 of the Canada Grain Act and Board's Regulation No. 24, the Board continued to restrict entry of foreign grain into Canada for re-export to give priority to the storage of Canadian grain. During the 1953 calendar year five permits were issued, one to a terminal elevator at the Pacific Coast and four to an Eastern elevator. There were 1,291,000 bushels of foreign grain received in Canada under these permits and there remained 150,000 bushels in store at December 31, 1953.

By Mr. Harkness:

Q. This would all be American grain?—A. Yes.

Mr. BRYSON: A year or so ago I understood there was considerable American corn stored in the Vancouver terminals?

Mr. MILNER: There was some corn permitted to go up there. I permitted that movement up through there as there was no need for the facilities at the time for the movement of Canadian grain. It was there for a short period of time. They guaranteed 15 days out after the date of delivery.

By Mr. Bryson:

Q. That was on Vancouver island?

Mr. MILNER: No, Vancouver itself.

Mr. POMMER: Is American wheat stored in Canada for export purposes or do they ship it back to their own country again?

Mr. MILNER: This grain that is referred to in this article was for export.

The CHAIRMAN: Any more questions?

Hon. MEMBERS: No.

The CHAIRMAN: Carried.

SHORTAGES AND OVERAGES—COUNTRY ELEVATORS

Country elevator annual returns covering operations during the 1952-53 crop year which were submitted to the Board in accordance with section 10 of the Board's Regulation No. 17 have been examined and the results have been tabulated. Owing to the very congested storage conditions at country points resulting from continued large crops, many elevators were unable to report weighovers and the results of their operations were estimated. A summary of the country elevator returns is given in the following table which shows the number of elevators reporting shortages or overages for the 1952-53 crop year. Data for 1950-51 and 1951-52 are also given for comparison purposes;

Elevators Reporting	1950-51	1951-52	1952-53
Shortages.....	897	569	640
Neither overages nor shortages.....	56	16	19
Overages of less than .25%.....	1,475	828	893
Overages of .25% to .50%.....	587	455	351
Overages over .50%.....	78	163	115
Not weighed-over.....	1,974	3,016	3,024
Totals.....	5,067	5,047	5,042

Where it was felt by the Board that there were excessive overages on public country elevator operations revealed in the light of the 1951-52 and previous records, public hearings were held to examine operations of the offending agents. During 1953, hearings were held at seven points and 54 country elevator agents with unsatisfactory records were summoned to appear before the Board to show why the Board of Grain Commissioners should not refuse to license any country elevator at which the persons concerned act as agents of the licensee.

The WITNESS: After I read this section, gentlemen, I want to take a moment to explain this compilation of figures which I think you all have. If anyone does not have it, if you will let the clerk know they will give it to you. Now, if I may, Mr. Chairman, I would like you to look at this document which you will notice is entitled "Shortage and overage data—country elevators." It is a series of six compilations as follows:

1. Summary of allowances for Invisible Loss and Shrinkage at Country Elevators 1941-53, and Average Yearly Gross Shortage and Overage Position for Comparable Periods.
2. Number and Percentage of Country Elevators grouped by Gross Overage and Shortage Positions, Crop Years 1946-47 to 1952-53.
3. SUMMARY of Overages and Shortages at Country Elevators for TEN YEARS.
4. GROSS Weight Overages and Shortages at Country Elevators listed by Licensees, 1952-53.
5. NET Weight Overages and Shortages at Country Elevators listed by Licensees, 1952-53.
6. Country Elevator GRADE Shortages and Overages (Net).

Now, if you look at the first table—I will not read the table to you—I just want to draw your attention to certain phases of it. "Summary of allowances for invisible loss and shrinkage at country elevators 1941-53 and average yearly gross shortage and overage position for comparable periods." Now, if you look at this first table you will notice it shows the straight, tough, damp percentages, for wheat, oats, barley, rye and flaxseed. The first period of years from 1941 to 1948, you will notice there the shrinkage allowance. Then in 1948-1949 to 1949-1950 we reduced the shrinkage allowance by one-quarter of one per cent on straight wheat; in fact, on all wheat, and made similar reductions. You can follow the table right across. Then, in 1950-51 and 1952-1953 we increased that to three-eighths on wheat and so on across the table. The reasons for that will make themselves manifest if you will look at the succeeding tables. "Average yearly country elevator gross shortage and overage position." You will notice that the first period of years—you

will pardon me if I do not use the two years—you will see what the average country overage position was. The overages are in dark colour and the shortages are in red print. After reducing the shrinkage allowance for the years 1948-1949, and 1949-1950, the result was a loss or shortage of wheat of 78,000 bushels, a minus figure there indicates the nature and so on across the page. Then for 1950-1951 and 1952-1953—I am sorry if I am going too fast—from 1951 to 1953 we increased the allowance by one-eighth and that reveals the picture which resulted from the restoration of the shrinkage allowance.

Mr. BLACKMORE: As Mr. MacKenzie read the second to the last line he said 1951 and I think he meant 1950-1951.

The WITNESS: Yes, I am just using the one year. Perhaps I should read the two years.

Mr. BLACKMORE: It would be 1950-1951?

The WITNESS: Yes, all right, I will correct that.

The CHAIRMAN: Instead of 1951 it should be 1950-1951.

The WITNESS: Of course the crop year is from July of one year to August of the next year.

Mr. BLACKMORE: It was merely a slip?

The WITNESS: Yes, thank you, sir. "Average yearly country elevator gross shortage and overage position".

Mr. MILNER: You just finished reading that.

The WITNESS: I am sorry, I thought I had turned the page over.

The CHAIRMAN: Please turn to page 2.

"Number and percentage of country elevators grouped by gross overage and shortage positions, crop years 1946-1947 to 1952-1953."

Now, there are several things that you might notice here, but the one particular thing I want to draw your attention to is the fact of the reduction of the shrinkage allowance in 1948-1949 and 1949-1950. The number of elevators licensed did not vary greatly in the number of years but you will notice how quickly the number of elevators reporting shortages jumped when we reduced the shrinkage allowance by one-quarter of one per cent for the year 1948-1949—it went up to 2,259 and in 1949-1950 it was 1,797. You can follow the figures and get the significance of them.

"Expressed as per cent of weighed-over elevators."

These were the houses that were weighed—weighed-over elevators. Again you will see the results for each year—elevators with shortages were increased slightly—were reasonably improved in the year that shrinkage allowance was reduced but I do not think I need to amplify that further.

The WITNESS: Now, on the next page there is the "Summary of overages and shortages at country elevators for 10 years." Here again you can follow the figures through, but I would like you to note again the effect of the reduction of the shrinkage allowance. 1948-1949 and 1949-1950, those two years showed a shortage in wheat of 117,822 bushels in the first year and 38,683 bushels in the second year. The overages in oats and barley and shortages in rye and flaxseed are shown and then the total is at the end. Now, the significant thing there I think you should carry in your minds is that at that time with that shrinkage allowance the losses or shortages occurred in the more valuable grains and while there were overages in the coarse or cheaper price grains I doubt very much—I should not express any opinion perhaps—but I doubt very much if that compensated the companies for the losses they took in the other grades.

By Mr. Argue:

Q. How do you account for the increasing overages of wheat in that table, if I read it correctly, starting in 1948-1949 a shortage of 117,000 bushels and from there on the shortage is less and after that the overage is shown as increasing each year?—A. I thought I had explained that. We restored one-eighth of one per cent of the shrinkage. The decrease in shrinkage allowance applied only in those two years 1948-1949 and 1949-1950.

Q. Why then is the trend for an increased overage from 113,000 overage in 1950-1951 to 383,000 overage—they have not got them here. Is that not on fewer country elevators as well?—A. No, that would probably result from heavier handling.

Mr. MILNER: If you look in the third paragraph, Mr. Argue, you could get the percentages there.

The CHAIRMAN: Expressed as percentage of handlings?

Mr. ARGUE: And the overage on the basis of handlings is going to be and has doubled from 1951-1952 and 1952-1953, I take it? I can see when you change the shrinkage allowance it makes a definite change in the overage picture, but why after the change is made does the overage start building up?—A. That is related, of course, to large handlings, but if you look, as Mr. Milner suggested, in the third column and the third set of figures, "Gross (expressed as percentage handlings)"—do you see the third table there? Do you see the percentage there? They are still much below what they were even in those two years, so you would have to relate the actual total figures represented by the overage there to the handlings and expressed in percentages it still comes down very low.

Q. Expressed in the percentage handlings it starts out at .03 per cent and goes to .04 per cent and then to .06 per cent for 1952-1953 so that in a two-year period, even expressed as a percentage of handlings, the overage for some reason is doubled.

Mr. DECORE: Compare that with 1945-1946.

By Mr. Argue:

Q. Yes, it is a whole lot less.—A. It is a difficult thing to evaluate this problem in terms to come out as desirable as we would like.

Q. In these handlings you talk about—A. —May I continue for a moment? If we see the shrinkage allowance is so low as to leave a shortage with an elevator company—now without implying any motives whatever, the investigation made by the royal commission some years ago did suggest that there was a real danger there of resorting to other practices which would be much more difficult to detect and control, so what we try to do is to relate the shrinkage allowance as closely as possible to the handling, so that it will come out as closely to even as we can make it, although we cannot get it exact.

Q. What are the gross handlings for 1950-1951 and 1952-1953 for wheat in the first column?—A. What table are you referring to?

Q. The third table, the first column? I would like to know the percentage of handling—is that all the companies' handlings of wheat in that year? Is that the total amount of Canadian wheat that went to America?—A. Those two figures relate only to overages. The percentage figures relate to the handlings.

Q. The handlings of wheat?—A. Yes.

Q. What were the gross handlings of wheat for 1952-1953?

Mr. HLYNKA: 1,025,672,000 bushels.

Mr. ARGUE: For wheat in 1952-1953?

Mr. HLYNKA: I am sorry.

The WITNESS: He has the total here.

Mr. HLYNKA: We do not have the figure here although I can get it for you.

Mr. ARGUE: Is the one billion—I think I know the answer—but is the 1,025,000,000 bushel figure for 1952-1953 the sum total of the handlings of all grains brought to market by farmers for that year?

The WITNESS: Yes sir.

Mr. ARGUE: Then is it not a fact that in 1950-1951 there were 1,000 fewer elevators that were weighed-over than in 1952-1953, according to your table on page 13?

The CHAIRMAN: Page 13 of the report?

Mr. ARGUE: Yes.

The WITNESS: Yes.

Mr. ARGUE: So that in order to get that picture of the handlings of the companies on the weigh-over you would need to correct this table because there were over a thousand elevators fewer having weigh-overs in 1952-1953? In other words, if you had weigh-overs—to take an extreme illustration—if you had weigh-overs at only one elevator and declared—

Mr. HLYNKA: The difference between the number of elevators not weighed-over in 1952-1953 and 1951-1952 is eight and not 1,000.

Mr. ARGUE: Explain why the difference in your total on page 13—I may not be able to read it correctly,—but it says: "Not weighed-over—1,974."

Mr. HLYNKA: That is 1950-1951.

Mr. ARGUE: Not weighed-over 1952-1953—3,024.

Mr. HLYNKA: We are one year over.

Mr. ARGUE: I do not see that at all. Is it correct that 1,000 fewer elevators were weighed-over in 1952-1953 as shown on page 13 in your report?

Mr. HLYNKA: The difference between the first column and the last column.

Mr. ARGUE: Is that correct for the sub item "Not weighed-over"?

Mr. MILNER: That is definitely correct, Mr. Argue, yes.

Mr. ARGUE: All right then, in order to show a relative percentage of averages—to make it mean anything it would have to be related to the handlings in those elevator houses, country elevators, that had a weigh-over because if they did not weigh-over you do not know whether they have an overage or a shortage. The point is that even though a thousand fewer elevators were weighed-over 1952-1953 the overage is doubled?

Mr. STUDER: They were estimated, where they not? I think it says that.

Mr. ARGUE: How can you estimate them when they are not weighed-over?

Mr. STUDER: You must come close to your total percentage. Your loss of overages would bring you very close.

The WITNESS: There, Mr. Chairman, the elevator companies give us a sworn statement each year and if they have not weighed-over their house they give an estimate of the grain that is in their house and the handlings for the year and so on.

Mr. ARGUE: Then these overages and percentages of overages are not really weigh-overs? They are not weigh overs only?

Mr. MILNER: No.

Mr. ARGUE: They are a combination of weigh-overs and estimates?

The WITNESS: Yes.

Mr. MILNER: These estimates are the book figures of the companies.

Mr. ARGUE: They do not attempt to measure it, or anything?

Mr. MILNER: No.

Mr. ARGUE: So the overages have doubled according to this and you have a factor of possible error in there of more than one thousand elevator houses which were not weighed over and that just sent you the total of their records?

Mr. MILNER: That is right.

The WITNESS: That is the best we could do.

Mr. HARKNESS: Is not the net overage or shortage as the case may be, shown in table 4 a much more significant figure than the one which Mr. Argue has just been talking about because when you get down to the net overage or shortage, as the case may be, you get the actual positions and there enters into that not only this invisible shrinkage and the allowance for shrinkage that you make, but also the dockage and various other factors and in order to come up with the figures we had before from the wheat Board as to the two million some odd bushels of overage, it is really the net overage. In other words, they are the figures which really make any difference as far as dollars and cents are concerned, is that not the case?

The WITNESS: The gross averages after all, gentlemen, are the particular set of figures that the farmer is interested in because that is the weight of the grain weighed in and handling into the country elevators. The net figure is arrived at after the screenings are taken out and the dockage has been taken out so your percentage figure differs a little.

Mr. HARKNESS: As a matter of fact, it differs quite materially because you come to the net percentage. The point Mr. Argue was making is that the percentage had doubled from 1950-1951 and from 1952-1953 from .03 per cent to .06 per cent. That is not true as far as the net is concerned? It has changed in those two years from .15 to .22 up to .26. In other words, although there is a difference between .02 per cent .06 per cent in the gross, the net is much smaller, percentage wise even?

The WITNESS: Yes, that is true, but nevertheless I get the point Mr. Argue is raising. But there are other factors that go into the determination or creation of overages and shortages.

Mr. ARGUE: Would you explain to me why the overages—the net overages expressed as a percentage of handlings—are a way bigger than the gross overages?

Mr. MILNER: I will explain that, Mr. Argue. The gross overage is the difference between the gross weight of the grain in an out of an elevator—

The CHAIRMAN: Country elevator.

Mr. MILNER:—yes. In the case of a net overage being larger than the gross overage, it could occur in many ways. The net overage might be larger than the gross overage because there is a lot of cleaning and screening in country elevators. At one of the board sittings I have attended we had a man appear and he was asked how this overage accrued and we found that in a good many cases where the elevator agents clean for the farmers they said the farmers do not want to take the screening home and they are put aside and later they are screened again. Now that creates an overage particularly in the coarse grains. I know you are dealing with wheat, but there is also this feature to it. In the buying of grain in country elevators dockage is an important feature. There have been a good many instances in the country elevator where a farmer is agreeable to allow some higher percentage of dockage if he can get a higher grade. You must know of cases of that kind—it is done every day.

Mr. ARGUE: I have never heard of it!

Mr. MILNER: I have been in the business all my life Mr. Argue, and I have heard of it a thousand times—there is just a difference of opinion.

Mr. ARGUE: When I take a load of grain to an elevator, the elevator man decides the dockage and the grade and then if I do not like it, I take it to some other elevator, but never in my experience has he said you can take another grade. I have drawn all kinds—even chicken feed.

Mr. MILNER: It has occurred frequently and it does occur in the lower grades of grain. The averages accrue. There is dockage taken which is in excess of the actual dockage—it is not done maliciously—but overages have accrued. We heard that in evidence given before us when we examined the man on the overages. He was sworn and under oath when he gave us that statement.

Mr. ARGUE: Here is what I can see: I can see there could be a difference between gross and net. I would have thought, until I got this explanation, that the gross overage would ordinarily be bigger than the net overage, but what still bothers me is the fact of the net overage, and that is the thing that counts?

Mr. MILNER: That is right.

Mr. ARGUE: That is the thing which is of value. The net is four times as big as the gross.

Mr. MILNER: That is quite understandable.

Mr. ARGUE: I think that Mr. Milner must realize that the vast majority of country elevators do not clean grain any more in the elevator. You can run all over southern Saskatchewan looking for an elevator to clear grain. I make the statement: that the vast majority of country elevators do not practice cleaning grain.

Mr. MILNER: I have been out of the elevator business for two or three years, but in my time they were cleaning grain and a lot of it.

Mr. ARGUE: In the horse and buggy days they were cleaning a lot.

Mr. JOHNSTON (*Kindersley*): The question of dockage being a grading factor disturbs me. I look at the statutory grades of western wheat and I do not see dockage mentioned anywhere in the qualifications of grain.

Mr. MILNER: But you do see other grains that are allowed with certain other grades of grain, that is, over on the right hand side.

Mr. STUDER: And it also happens in the case of marginal grades.

Mr. MILNER: I can say as an absolute fact, and I give it to you that that is the way it occurs. We get it with sworn statements from the elevator agents, and I know that it has occurred in my own experience.

Mr. HARKNESS: The chief factor, as I tried to indicate before, in the net overage is the amount of dockage taken. Could you tell us what percentage of overage during the past year—the one covered in this table—was due to dockage, and what percentage was due to this visible shrinkage.

Mr. MILNER: No, I could not tell you. There is no way of knowing. But the gross weight of overage is very, very small.

Mr. HARKNESS: I think you must have some figures which would indicate how much of the net overage is due to shrinkage allowance and how much is due to dockage.

Mr. MILNER: No, we have not.

Mr. HARKNESS: You have not got that?

Mr. MILNER: No.

Mr. HARKNESS: Have the elevator companies got it?

Mr. MILNER: I doubt very much if they have.

Mr. HARKNESS: I would be surprised if they did not have it.

Mr. MILNER: You would be surprised if they did not? I do not know why they would keep it.

The CHAIRMAN: Are there any more questions on that heading?

Mr. VALLANCE: For the information of Mr. Argue, let me say that you are coming to another table on page 6 which will show you the grade shortage and overage; it is on your records here, whether it is a big one or just a small one, and you can work it out.

Mr. ARGUE: You have elevator companies showing that the net overage are four times as great as the gross overages. We are told that a good part of the difference for that can be explained by the cleaning of grain. These elevators which are filled with grain—they are not cleaning the grain in the weigh overs.

Mr. VALLANCE: Where do you get your seed grain?

Mr. ARGUE: From a neighbour, somebody going from farm to farm. That is the way it is done in my part of Canada.

The CHAIRMAN: Yes, and in many other parts as well.

Mr. ARGUE: Could you give us, before the committee is over, the number of country elevator points which practise the cleaning of grain? They may do it, but quite frankly I have chased 50 miles at a time, telephoning all over begging some elevator somewhere to clean a load of grain for me and I have failed.

Mr. STUDER: Have you got the records of the pool elevators there?

The CHAIRMAN: That should be an easy matter to get cleared up and I am sure that we will get it cleared up.

Mr. ARGUE: To my mind the cleaning of grain in country elevators cannot explain this. It has been said that it does explain a part of it. Well then, how do they arrive at these net figures? They are not cleaning very much grain now; they could not clean more than seed, and they are not cleaning grain in the elevators. Then how does the trade, or how does the board assemble figures that arrive at an overage, a net overage which is four times as big as the gross overage.

Mr. MILNER: When grain is bought with a certain dockage in it, there is a net weight to the grain; and when the grain is unloaded at the terminal, the dockage is taken out and then you have the net weight.

Mr. ARGUE: All that that proves is that the dockage is highly excessive. When you leave the dockage in and weigh the dockage, that is all very well. But when you take the dockage out, then somebody has taken away too much dockage, and the value of the grain is four times as great.

Mr. MILNER: That is the reason we examine these agents, with respect to overages.

Mr. ARGUE: And here is the result.

The WITNESS: All our calculations of necessity are made upon the sworn statement which we get from the elevator companies, or from their local representatives and from the company as a whole. When we get those figures we inspect them carefully and if we have any reason to suspect that the local elevator agent is carrying too big an overage, be it either gross or net, we call that agent in and try to get from him an explanation as to why he is in that position.

You can turn over to the next two or three pages and you will see the company results. The explanations are not all satisfactory; there are some things that we cannot find out about it. But all we have to start with is the sworn statement of the company, and if we find a man whom we think is

taking excessive overage, either by reason of too much dockage, or any other reason, we immediately take such steps as we can to correct and prevent him from repeating the condition.

Mr. ARGUE: In this ten year period I take a quick look over the net overages and I see that the net overages relative to the gross overages are getting bigger and bigger and that the trend is worse. The trend instead of improving is getting worse. You start off with a ratio in the first year of two to one, and you have all kinds of ratios in between, but the trend is up, and you end up with a ratio of four to one.

Mr. MILNER: Our board tried to determine why that occurred.

Mr. ARGUE: But you have not had any luck yet?

The WITNESS: It might be of interest to call some of the elevators and try to get out of them the information we are trying to get.

Mr. ARGUE: I would be happy.

Mr. HARKNESS: According to my original contention, most of this net overage is due to dockage and that is now established by the conversations and the questions which have gone on. Do the elevator companies perform any service which would justify them taking this dockage?

Mr. MILNER: The only service we know of is that upon which they base their dockage.

Mr. HARKNESS: I do not understand your answer. My question was—and let me phrase it again: Does the elevator company perform any service that the amount of grain that they have over as an overage would justify them having?

Mr. MILNER: The elevator company is paid according to the tariffs which are set up by the board and there is no excuse for an agent having a net overage unless it has come about through cleaning and the accumulation of grain and re-cleaning and screening; and as far as I am concerned he has been docking too heavily.

Mr. HARKNESS: If they perform a cleaning service on this grain, that would be for by the amount of money which they get for the overage, but would they have to justify it?

Mr. MILNER: I do not understand it: But as I said, there is no service which the elevator performs which is not set out in the tariffs set by the Board of Grain Commissioners. Those tariffs are the maximum tariffs and they may not charge more. There is no excuse for any agent taking any more dockage than that shown on this dockage tester, when he is testing the grain.

Mr. STUDER: It would appear that where you show your shortages, or when you reduce your allowance of a quarter of a cent, which is customary—it is customary to reduce it by a quarter of a cent or in eighths; I mean you have reduced it in 1948 and 1949; then you had a shortage of 117,000 bushels, and in 1949-50, you had a shortage of 38,000 bushels; then you increased it by a percentage of a quarter of a cent; and then you had an overage immediately after of 139,000; and that has progressively increased. Perhaps if we took a different fraction we would hit it exactly right; one leads to an overage while the other leads to a shortage; and if we should hit the right fraction, maybe it would come out even.

Mr. MILNER: It does not explain the point that there is an increase in it which we do not like. But with all due deference to everybody, I do not know of any method by which to stop this thing before it happens. We will take the steps necessary to investigate those things, because it is a situation which we do not like. But I do not know of any other method.

Mr. ARGUE: We were told that it is often the practice that there is an agreement between the farmer and the elevator agent that an excessive amount of dockage will be taken in exchange for an improvement in the grade.

Mr. MILNER: That is right.

Mr. ARGUE: Is that practice not contrary to the Canada Grain Act?

Mr. MILNER: No, I do not think it is.

Mr. ARGUE: Are you saying that it is perfectly legal for an elevator agent to take excessive dockage in exchange for an improvement in the grade. If you prosecute somebody for taking excessive dockage, could you tell me what section of the Act you deal with him under? I do not know the Act and you people do. What is the section dealing with overages which states what overages can be taken?

Mr. MILNER: You asked me a question which is a little complicated.

Mr. ARGUE: Yes, it probably is. But if you were prosecuting somebody for taking too much in the way of overages, then under what section would you undertake such prosecution?

Mr. MILNER: I do not know where it is.

The WITNESS: We have no power to prosecute for overages in country elevators.

Mr. ARGUE: That was not my question. If you find an elevator agent, let us say one in western Canada, who is taking far too much in the way of dockage, is there some section in this Act under which you would deal with him? Is there a section that deals with overages?

Mr. MILNER: Let me say this: that comes under the regulation of the board, "Dockage on cash or stored grain".

Mr. ARGUE: Which regulation is that?

Mr. MILNER: It is No. 20, and it reads as follows:

20. Every country elevator shall be equipped with the necessary sieves, scales and dockage testing equipment for the accurate determination of dockage. All such equipment used by country elevators shall conform to specification standards established by the Board. This equipment must be kept in good condition and shall be subject to inspection and approval by such officers as the Board may direct.

Operators shall make accurate determinations of dockage on a properly representative sample of not less than 500 grams (or 1 lb.) by use of proper sieves and equipment designated below, and by hand-picking, if necessary, any portion not separable by sieves. Dockage shall be computed to the nearest one-half per cent ($\frac{1}{2}\%$).

That is the regulation of the Board. They must have that equipment and they must compute it in that way.

Mr. ARGUE: Yes, and they must compute it accurately. So it is an offense against the regulations to make a deal in which the dockage is not computed accurately?

Mr. MILNER: No, I think it is computed accurately when the farmer is advised what the situation is. I have seen it done dozens of times in Alberta. Wheat may contain other grains. Where there is a certain percentage of other grains permitted in the mixture, somebody may come along and say: You have got too many oats in that sample to get you that grade. You can clean them out. He knows the proper dockage and he is going to benefit.

Mr. ARGUE: If it is cleaned?

Mr. MILNER: Yes, if it is cleaned; and instead of doing it at the terminal he makes an arrangement. I have seen it done a good many times.

Mr. ARGUE: Then the dockage in that case is the correct dockage after this cleaning takes place?

Mr. MILNER: It is a practical matter. You can say to him what the grade is, and that he may have a higher grade, but with heavier dockage. I can see nothing the matter with the operation provided you disclosed to the farmer the proper grade and dockage.

Mr. ARGUE: If that is the kind of practice which we are told is now legal—even though I would not take it to be so from a reading—it is one which you cannot discover and must be one which is going to have some of these effects, as you say.

Mr. MILNER: I told you that to my own knowledge, not in the last four years, but certainly prior to that time, I have seen it done in an arrangement between the elevator agent and the farmer.

Mr. ARGUE: When he is cleaning the grain?

Mr. MILNER: Yes, but it was done before the grain was cleaned. Can you not understand what I am telling you? Let us say that a grade of grain will take in 7 per cent. of oats and it happens that there are 10 per cent of oats in it, therefore by removing 3 per cent of oats you can get a better grade. The elevator agent and the farmer may come to an arrangement between them under which the producer is deducted another one per cent of dockage, and when it is settled with respect to the grade and the amount of dockage, I cannot see anything the matter with such a transaction, provided that the producer himself is not wrongly informed with respect to the dockage and the grade.

Mr. ARGUE: We have a law that is only the law in certain cases.

Mr. MILNER: No, you have not. You have a law which is the law all the time.

Mr. ARGUE: Except in the case of an agreement, and then the law ceases to exist.

Mr. MILNER: No, the law does not cease to exist.

Mr. ARGUE: Well, it ceases to apply.

Mr. STUDER: Is there anything in the Canada Grain Act which would prevent me, if I took in a load of grain thinking it was No. 4, and the elevator man thinks it is No. 5? The majority of farmers like to see their elevator men at the end of the year come out even. They do not like to see overages or shortages. They endeavour not to place him in a short position, so therefore they are inclined to compromise on the grade. He may think it is No. 5 while I think it is No. 4. We discuss the matter and if he allows me a grade and it is marginal grade, I may be aware that it is a marginal grade, and he will say: I will allow that as No. 4 while I think it is No. 5, but I will do so if I may have additional dockage. I may have to take less than I ordinarily would but if I do not object to it and am of the opinion that I may lose a grade in that way I would accept it. What is wrong with that?

Mr. MILNER: I do not see anything wrong in it.

Mr. STUDER: As long as it is agreeable to me and I am trying to protect the agent as well as myself.

Mr. BRYSON: I have heard that elevators will make a proposition along the very line that Mr. Milner has suggested, but I think that they would have no part of it. They would say: This is illegal and we would be held liable.

Mr. MILNER: It is a peculiar thing for me to defend as a member of the Board; but I am perfectly sure as long as you disclose to the farmer the proper grade and dockage, then I know of nothing to prevent you making such an arrangement with him.

Mr. BRYSON: He is not permitted under the law?

Mr. MILNER: I think not.

Mr. HARRISON: In that regard it has been my experience, along the line that Mr. Studer has suggested, that when you have a farmer offering grain, and when he and the elevator agent cannot agree on the grade, they may finally make an arrangement whereby he sells half of it at one grade and half of it at another grade. That is nothing more nor less than collective bargaining and I have never heard anybody attack collective bargaining in other fields.

Mr. JOHNSON (*Kindersley*): That would not prevent the overages, when you are bargaining on a grade and you receive samples, let us say, between four and five. But it would have the effect which Mr. Milner has brought out and which disturbs me because I have never heard of a single instance where the elevator agent bargained with a single individual on the basis of the dockage. It says in the regulations that the statutory grade of No. 1 Manitoba northern must be practically free of matter other than cereal grains and practically free of cereal grain. I do not know what "practically free" means. I imagine it would mean around one or two per cent or something in that range. Either we have got to accept that or change these maximum grades because otherwise advantage could be taken of the farmer in that regard. There are many instances of dockage up to five and seven per cent—and I know where dockage has reached as high as five or seven per cent, and where they got No. 1 northern for their grain.

The CHAIRMAN: I think we are now on questions of opinion which we cannot settle unless we obtain legal opinion on the matter. I am sure everybody is aware that in some places you will find people who prefer to go to one elevator rather than another, and that in most cases their claim is that they get a better dockage rate at one than the other. It may be just an impression and it may not be true, but I know it does happen and I am sure you have run across it. That is the reason some people justify it in their belief as the right thing. But as to the legality of the point, we could argue about it without getting any further along. Are there any further questions on overages?

Mr. BLACKMORE: There is evidence enough to show that it is the practice, but we do not know whether it is legal or not.

The CHAIRMAN: That is right.

Mr. MILNER: I am certainly going to find out.

Mr. ARGUE: If this practice is overlooked by the board, despite all the statements made that they do not know whether it is legal or illegal, then what position does that put the producer in. I want to make my position clear. As far as I personally know, I do not know of a single agent who has ever attempted to make a deal like that. We are told that it is done, but if it is becoming the general practice, what position is the producer in when the elevators are blocked. He has to get in, let us say, 100 bushels because he needs the money; and he has to go to the elevator with his load of grain. The elevator agent is in a position then to make any kind of bargain under the sun to call it voluntary or otherwise; but the farmer has to get his grain in because his children may be starving.

Mr. MILNER: You do not think that the two cases are parallel?

Mr. ARGUE: Yes, I do, and I greatly think that a practice like that which is overlooked can lead to a far worse position in time. Justification or no justification, that is my point.

Mr. MILNER: If you are dealing with dozens of people, yes.

Mr. ARGUE: Well, if you are dealing with people of whom we are told, namely, that very many farmers will follow this practice of making an agree-

ment in private which is not under the Canada Grain Act, and I say that if people follow that practice, it may be a practice which is dishonest.

Mr. MILNER: I do not think it is dishonest.

Mr. ARGUE: Well, I am putting it to you that in a situation such as I described, if such a practice is allowed as being fair and reasonable and a proper practice, then it can lead to all kinds of discrimination against the producers who must take their grain to the elevator and who have no choice because the elevators are blocked.

The CHAIRMAN: Is this not the point, that if this practice is honestly done by means of an agreement, then everybody is still protected under the Act because if he is not satisfied with the dockage, he can send a sample in to the inspector and get the government dockage. Isn't that right?

Mr. ARGUE: You are 100 per cent right if you have a choice. But suppose that elevator A has only the one box car on that day, and there may not be another one for four months?

The CHAIRMAN: He still has the right to send a sample in and get the official dockage from the chief inspector.

Mr. ARGUE: That is not what we were told last year.

The CHAIRMAN: It is very definite here.

Mr. ARGUE: But that is not what we were told last year.

The CHAIRMAN: This is an important point.

The WITNESS: There can be no doubt about that; if there is disagreement, the farmer can draw his sample, as prescribed by law, and send it down and whatever the grade which the official inspector puts on it, the farmer is paid for it.

Mr. ARGUE: Does the elevator have to have a bin in which to segregate the grain in such a case?

The WITNESS: It depends, and that raises another point. I do not know whether you want to discuss it here.

Mr. ARGUE: We were told a year ago that in order for a farmer to sell his grain, subject to grade and dockage, there had to be a bin to segregate the grain.

The WITNESS: Yes.

Mr. ARGUE: And that the elevator agent had to agree, provided he had the space in which to put the grain. But suppose I go to the elevator and I know that I have a load of No. 2 wheat but there is no space for it, and the elevator agent will not take it because he is getting in only No. 3, there is only room for No. 3, and there is no bin in which to segregate the No. 2.

The WITNESS: I will give you some legal advice which I have got. This matter has bothered us all the time and I can say to you that under no circumstances, or in any degree do we defend overages. We are constantly seeking ways and means to handle that problem. Let me read you this letter which is from our solicitors.

Copy

JOHN M. HUNT, LL.B.

BARRISTER, SOLICITOR & NOTARY PUBLIC

WINNIPEG, CANADA,

May 5th, 1954.

D. G. McKENZIE, Esquire,
Chief Commissioner,
The Board of Grain Commissioners for Canada,
Grain Exchange Building,
Winnipeg, Manitoba.

Dear Sir:—I have now considered the question raised by the Board several days ago concerning the duties of an operator of a public country elevator when grain is offered for storage and the operator and the producer delivering the same do not agree on the grade of such grain.

The basic duty of an operator is set out in Section 109 of The Canada Grain Act and several sections following detail more fully his duties under particular situations. Section 109 reads as follows:—

109. (1) Except as provided in section 108, the operator or manager of every licensed public country elevator shall, at all reasonable hours on each day upon which the elevator is open, receive all grain offered thereat for storage without discrimination and in the order in which it is offered, provided that there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered.

(2) Nothing in this section requires the operator or manager of any elevator to receive any grain that has become or is in a condition such that it is likely to become out of condition.

(3) Any breach of the provisions of this section is punishable on summary conviction by imprisonment for not more than six months or by a fine not exceeding five hundred dollars.

From the above it will be noted firstly that the section only applies to grain offered for storage and secondly, that the section imposes no duty unless the operator has available storage space for the grain offered.

Section 112 deals with situations where the operator and the producer agree on the grade of the grain and the section prescribes the procedure to be followed. Section 113, however, deals with the situation with which we are concerned where such agreement is not reached. This section reads as follows;—

113. (1) Where grain is offered at a licensed public country elevator for sale or ordinary storage, but the person offering the same and the person in charge of the elevator do not agree as to the grade thereof or the proper dockage therefrom, a sample shall be taken and placed in a receptacle in such manner as may be prescribed and shall be submitted for examination under this Act as may be directed by regulation.

(2) Pending the receipt of a report on the grading of such sample the operator or manager of the elevator shall issue in respect thereof an interim cash purchase ticket or interim elevator receipt.

(3) Upon the receipt of the report of an inspecting officer under this Act as to the grade of the sample and the dockage therefrom,

the interim ticket or receipt issued for the grain may be surrendered and there shall be issued in lieu thereof an ordinary ticket or receipt for grain of the grade reported by the inspecting officer subject to the dockage specified by him.

As there is no obligation on the operator in Section 109 or elsewhere in the Act to buy grain if offered for sale, but his obligation is only to accept grain for storage if it is so offered, it is therefore clear that if disagreement as to grade arises and Section 113 is resorted to the operator is under no obligation to proceed under that section if the grain is offered for sale, but his obligations and duties arise only if the grain is offered for storage under the terms of this section.

If the grain is accepted for storage under the provisions of Section 113 the operator of the elevator issues an interim elevator receipt in form 3 contained in schedule 3 of the Act. The following paragraph which is a part of the prescribed form is instructive in determining the duties of the operator:—

Upon the surrender of this ticket after the receipt of the Government report as to the grade of the above sample and dockage to be made therefrom on payment or tender of all lawful charges in respect of the grain above described the above quantity of grain of the grade and subject to the dockage determined on Government inspection of the sample above described will be delivered to the holder of this receipt at his option

From a consideration of the above sections and the above portion of the interim elevator receipt, it will be noted that the agent, if he accepts the grain under the provisions of 113, is under an obligation to return to the producer if he so demands a like quantity of grain of the same grade and quality. In view of the fact that the grade and quality of the grain delivered is not determined until after the return of the inspection reports, it is obvious that the agent must keep the grain in question separate from other grains in his elevator. He must do this by placing it in a special bin or by any other means he may have of segregating that grain from other grains.

If the operator has no available storage accommodation in which he can either special bin or otherwise segregate the grain from other grains which he has, then he is under no duty to accept the grain for storage. The duty cast upon the elevator by Section 109 extends only to a duty cast upon the elevator by Section 109 extends only to a duty to accept if he has available storage so as to store the grain in compliance with the other provisions of The Canada Grain Act.

Whether or not the operator has available storage accommodation in his elevator, is, and must be, in all cases a question of fact, but it is clear that there is no duty cast upon the operator forcing him to bin grain offered for storage with other grain unless they are of the same grade. Grain accepted for storage under the provisions of Section 113 can not be accepted by the agent unless he has available storage accommodation enabling him to segregate that grain from all other grain in his house until the report of the grading is received.

It may be that in many cases the agent, relying on his own estimate of grade, will bin this grain with other grains which he has in storage. He is, however, taking a chance that his estimate may be wrong and if it is wrong then the official grading is, of course, the one which imposes liability on the operator. There is nothing in the Act which enforces the

operator to take such a chance and to assume all the attendant obligations, many of which he would be unable to comply with if he were incorrect.

For the foregoing reasons it is my opinion that if a producer offers grain to an elevator operator for storage and they are unable to agree upon the grade thereof and resort is had to Section 113, that the operator is under no duty to accept that grain unless he has storage space available enabling him to segregate that grain from other grains then in his elevator.

I trust that the above is sufficient for your purposes.

Yours truly,

JOHN M. HUNT.

The letter is signed by our solicitor.

By Mr. Argue:

Q. What is the date of that letter?—A. May 5th. I anticipated this question and I called him up.

Q. May 5th of this year?—A. Yes.

The CHAIRMAN: May 5th, 1954.

By Mr. Argue:

Q. Is that the practice that has been followed and is that the way you have been looking at the law? You have this latest report?—A. Yes.

Q. You have this latest report from the solicitor and that is the way you have been administering the law?—A. That is in accordance with our judgment as to what the Act intends.

Q. Most elevators in western Canada do not have bins they could segregate anything in. Assuming I am a producer with a load of grain, I go to the elevator and I say to the elevator operator this is number 2, and he says no, it is number 3, and we have an argument. He tells me that he has room in his elevator for number 3, and that my load is number 3, and I reply that it is number 2, and I want an official grade sample sent subject to grade and dockage. Does the elevator agent then have to take the grain in that case since he has in the elevator space for the grade that he says it is — not the grade I say it is—but the grade he says it is; number 3.—A. I do not presume—let me express it this way: I anticipated this discussion coming up—not that it is a question related to overages at all—but I thought it would come up because of the fact that we have a very tight storage position this year and it occurred to me that some member of the committee would be likely to raise just that issue. A farmer drives into an elevator with a load of wheat that he thinks will be accepted as a certain grade. The agent looks at it and says that he cannot give him that grade but that he will take it in as such and such a grade. The farmer says no, that he wants a subject to grade and dockage storage ticket. The point that bothered us was whether or not the Act intended that that elevator agent should take in grain under circumstances such as that with a very grave doubt in his mind as to whether in taking it he is bound to take a loss. Now, we referred the matter to our solicitor and that is his comment. That is his opinion and it is an opinion that we hold ourselves. We never thought that the law intended—whether we are right or not, and our judgment may be in error—we never thought that the law intended that there should be imposed on an elevator agent the taking in of grain and grading it in such a way as he felt sure would impose a loss upon him. If the Act preserved the identity of the grain in question in the dispute we are talking about then under the law he has to take it in,

but if he cannot preserve it our opinion, I think, coincides with the solicitor's opinion. Now undoubtedly we have to enforce the Canada Grain Act as it is. We did not write the law but we must bring to its enforcement the best judgment we have and in a case of this type, which is of a nature as important as this, we then asked our solicitor for that opinion and you have heard the contents of the letter.

Q. I come back to my question. As a farmer—the farmer I used as an example—I come in with a load of grain saying that it is number 2 and the elevator agent saying that it is number 3 and telling me that he has lots of room for number 3, but that is all, and insists that my load is number 3 and I as a producer say “no” and tell him I want to take a storage ticket subject to grade and dockage. Does that elevator agent have to take that grain when he says he has room for the grade that he thinks it is?—A. If that would satisfy the producer, but if the producer insists that it is number 2—

Q. —No, the producer insists on a sample being sent—the producer stands on the Act. The elevator agent says that it is number 3 and that he has room for number 3 but he has no room for number 2.—A. I would answer that this way: If the agent has any doubt in his mind as to the grade—I should not say any doubt, but if he thinks it is Number 2, or Number 3—he does not need to take it in if he thinks at the same time there is some possibility that that sample may come back from the official inspection as Number 2.

Q. So the farmer has the absolute right only when it can be segregated and while the sample is being sent away, that is a far narrower interpretation than anything we had a year ago.—A. I am giving you our solicitor's opinion.

Q. The last time we had a conflicting interpretation, but there is nothing conflicting about this; I think it is pretty clear-cut that the producer has no right, under the Canada Grain Act, in such circumstances, except when there is room to segregate the grain?—A. Yes.

Q. Mr. McKenzie tells us that if the elevator agent thinks the grain may be of another grade, that even though he has room for that grade, the elevator agent does not have to take it in.—A. Unless he can segregate it.

Q. Unless it has been segregated; that to my mind takes out all the risk in the purchasing of grain and the transaction, and the producer, because surely when the elevator agents are buying grain, they are just speaking of certain grades with a measure of doubt in everybody's mind as to what that grade will be. I do not know of an elevator agent anywhere who does not expect to lose a grade, or to gain a grade once in a while. But with this interpretation, if the elevator agent has a doubt, then the farmer has to take the lower grade or keep his grain at home and let the kiddies starve. That is what we are being told.

Mr. BLACKMORE: Is not such a difficult position as this exactly of the kind which gives rise to the bargaining between the elevator and the producer with respect to dockage and grade?

Mr. ARGUE: That is all on one side.

Mr. BLACKMORE: It may be on the other side as it looks to me, but I may not be familiar enough.

The WITNESS: I want you to believe that we are honest about this and that we could not do anything but seek the best legal advice, and when we have got it, we have got to recognize the fact that ordinarily, or under normal conditions this position would not obtain. I think normally—again you might call your elevator companies and they will describe their action to you—but under normal conditions, I think if it is a line grade, probably the elevator

agent would take it in and bin it according to his judgment and take his chances of breaking even. But here he is up against a tough situation and we cannot believe that the law intends to impose a condition on these elevator agents which would force them consciously to take a loss. And that is what our lawyer says to us, or what our counsel tells us.

Mr. ARGUE: But that opinion would prevent the elevators taking any measure of risk, if there were a doubt in the mind of the elevator agent.

The CHAIRMAN: I do not think it prevents the agent. If he wants to take the risk, then he is free to take it. But if he does not feel that he can take the risk, he does not have to do so. He is not forced to take a risk; and I think that is the position.

By Mr. Argue:

Q. Surely, if he wants to take a risk he can do anything he likes, and even make deals on dockage which are not permitted under the Canada Grain Act, and start bargaining. But just look at the position of a number of producers in western Canada. Let us say they go to the elevator agent and he says, "I have room for No. 3." He knows all the time that the producer's wheat is No. 2. So what is he going to do about it? The elevator agent says, "Your wheat is No. 3 and I can bin No. 3." So the farmer has to sell. The farmer cannot hold it for one grade these days. He will have to sell. He has to sell.—A. Might I draw your attention to one other clause in the Act—I have not got the number offhand—but the Act declares that if a farmer delivers a load of grain to a country elevator and wants to take back his identical grain for no reason under the sun—and he goes to the elevator agent and demands that he delivers to him a load of the same grade as was taken in—let us say he had been set on a No. 2 Northern and it comes back from the inspection as No. 3 Northern—the farmer goes back and demands delivery of No. 2 Northern and the agent has none in the house and he violates the Act in another section.

Q. In what way?—A. In that he cannot deliver under that clause back to that producer a load of the same grade that he had given when he took it in. If it proves to be No. 2 Northern he cannot deliver it.

Q. But if it proves to be No. 2 Northern he has to issue him a cash cheque?—A. No. No.

Q. And the farmer cashes the cheque?—A. No, they put it on a subject to grade and storage ticket.

Q. Yes, if he segregates it?—A. If he segregates it, there is no problem. But what we are trying to say—and we may not be expressing it very clearly—we cannot believe that one section of the Act compels an elevator agent to violate another section of the Act.

Q. I cannot understand how he would be breaking another section of the Act. All I can understand is that on the interpretation of this section—which I think is a wrong interpretation and which I think cannot be substantiated in reading clear plain straightforward English—but under the interpretation that is given the farmer's rights are just thrown out the window—they are gone—they have disappeared. If we get rid of the congestion the natural rights to competition would be restored; that I admit. But under the present congestion, coupled up with the ruling that has been read into this section, the farmer has no choice. He can take his grain and look at it and let the family go without clothes and have the kids stay home from school but if he wants some money he has to take the lower grade.—A. That is why we got this interpretation. We wanted to know what our position was. I figured that this would be coming up—it would be altogether strange if it were not discussed. We wanted to know just what our solicitor felt was the correct interpretation of the law and so he sent us this letter which I read to you as his considered opinion.

The CHAIRMAN: Any more questions on shortages and overages? Can we go on to weigh-over?

Mr. HARKNESS: I have another question in connection with the dockage. When grain is taken into a country elevator there is a dockage on it of 4 per cent or 5 per cent, whatever it may be. It is sold out again—resold—to a farmer for feed purposes. Is there any provision that the purchaser should get the same dockage or any dockage allowance?

The WITNESS: Can you answer that, Mr. Milner?

Mr. MILNER: I do not know of any provision that would come under the ordinary buying and selling of anything in the elevator as long as he did not use a grade name or misrepresent the thing.

Mr. HARKNESS: Oh, there is no question of fraud, it is just a matter of the whole dockage question, and it is possibly one of the reasons why the amount of net overage is greater than you think it should be, and perhaps it explains that in part. Now, as a matter of fact, I had some personal experience in this in the last six or seven years. I have purchased a limited amount of wheat from a country elevator for feeding purposes and considerable amounts of barley and oats. I go in and buy No. 1 or No. 2 feed barley. I know the man who has taken it in and he has been docked 5 per cent for wild oats, but when I buy it I get no allowance for it at all. I buy it as No. 1 feed barley and it is sold as No. 1 feed barley in spite of the fact it is full of wild oats. The result of that must be that the elevator company makes an overage?

Mr. MILNER: That is a transaction between you and another man in the province of Alberta, I take it.

Mr. HARKNESS: Well, then, elevator companies are quite free to make resales without any relation to dockage?

Mr. MILNER: I know of nothing in the Act to prevent them from making any arrangement with anybody subject to the Wheat Board Act.

Mr. HARKNESS: Part of this net grain overage which you do not understand, undoubtedly comes from that source.

Mr. MILNER: It is nothing you can account for.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, does the drying of the grain contribute to an overage?
—A. Yes, very often it does.

Q. Why does it?—A. For this reason: you take for example in a year, particularly when you have a lot of tough and damp grain in the bin in the elevator for some considerable time, there would be some evaporation. Back in 1952—was that the wet year?

Mr. BLACKMORE: 1951.

The WITNESS: Yes, 1951. If, as sometimes happens, the grain was delivered almost directly into a car from the elevator and shipped, there would not be very much evaporation there in the country elevator.

Mr. JOHNSON (*Kindersley*): That should make a shortage rather than an overage as the water disappears?

The WITNESS: It depends again on your shrinkage. Last year a number of the agents throughout the country told us that our shrinkage allowance was too large for that reason.

Now, may I draw your attention to the last two or three compilations in this sheet so that you will notice certain facts about it.

The CHAIRMAN: Pages 5 and 6.

The WITNESS: Will you look at 4 first.

The CHAIRMAN: Pages 4 and 5.

The WITNESS: Gross weight Overages and Shortages At Country Elevators Listed By Licensees. I am just going to draw your attention to the extreme right hand column. You start at the top with the heavy overage and you come down gradually. You will find that the overage is high at the top and goes down gradually until it goes down to .002, and from then to the bottom of the page there are shortages which accumulate. The next page is the same thing; this is dealing with net figures, and you start at the top and it goes down to .001, and from there on the companies showed losses. If you will turn over to the last page you will see the Country Elevator Grade Shortages and Overages (Net) for these various years, and it is broken down there into various grades.

By Mr. Johnson (Kindersley):

Q. What proportion of the overage would be attributable to tough or damp grain?—A. It is difficult to say any arbitrary figure because the conditions change year by year and district by district. In some districts it was quite substantial, and in others it was not.

Q. Would you care to make a rough estimate?—A. No, I could not. Any estimate I give you would not be worth anything.

Q. If there was so much natural drying it should not contribute to an overage. Natural drying by the elevator company should not contribute to an overage?—A. No, I do not think it would. No, it would not.

By Mr. Bryson:

Q. Does not an upgrading of grain make for overages?—A. Well, it might. For instance—Mr. Milner has the practical experience—but if an elevator graded grain too high and had a heavy dockage, they would clean that dockage and throw the cleanings into their feed bins, and you would have an overage show up in the lower grades.

Q. What I had in mind was in a terminal elevator?—A. If we find there is any promotion of grades by mixing in the elevators, we check that very closely.

By Mr. Castleden:

Q. What action is taken?—A. If you have the Act in front of you, section 139 deals with that. I will only perhaps read two of the clauses. Section 139:

(1) Subject to section 141, in each crop year the board shall weigh over the grain contained in every terminal elevator and the period of time elapsing between consecutive weigh-overs shall not be less than nine and not more than twenty-two months.

(2) Where upon any such weigh-over it appears that the handling of grain in a public terminal elevator has resulted in the transfer of any grain from a lower to a higher grade the excess in any grade shall be the property of Her Majesty and shall, subject as hereinafter provided, be disposed of as the board may direct.

(3) From such excess there shall, before its disposition, be deducted and returned to the manager of the elevator a quantity of grain equal to any deficiency that may contemporaneously appear in any higher grade of grain of the same class and from the proceeds of the disposition of the balance of the excess there shall be payable to the manager of the elevator the value, according to the prices on the day of such disposition, of any deficiency which may contemporaneously appear in any lower grade of grain of the same class.

If you read on down through that it gives the procedure. We examine the weigh-over proceeds and if we suspect there has been a promotion of grades we offset the overages and the losses. If it results in net overages—if you understand what I mean—after that balance, we have the right to confiscate, in dollars not in bushels. There is a formula set out in the Act.

Mr. HARKNESS: I move we adjourn.

The CHAIRMAN: Could we carry this before we adjourn?

An Hon. MEMBER: Adjourn.

The CHAIRMAN: Moved by Mr. Harkness, the meeting will adjourn. We are meeting tomorrow morning at 11 o'clock in the same room.

HOUSE OF COMMONS

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

Respecting

Report of The Board of Grain Commissioners for Canada
for the Year 1953

THURSDAY, MAY 13, 1954

WITNESSES:

Mr. D. G. McKenzie, Chief Commissioner, Mr. J. Vallance, Commissioner, Mr. R. W. Milner, Commissioner and Transport Controller, Mr. J. Rayner, Director of Administration, and Mr. A. F. Dollery, Chief Grain Inspector, all of The Board of Grain Commissioners for Canada; Mr. J. L. Phelps, President, and Mr. J. F. Gray, Executive Assistant, both of the Interprovincial Farm Union Council.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.
and
Messrs.

Anderson,
Argue,
Batten,
Blackmore,
Boucher (*Chateauguay-
Huntingdon-
Laprairie*),
Bruneau,
Bryson,
Byrne,
Cardiff,
Castleden,
Charlton,
Clark,
Decore,
Demers,
Deslières,
Diefenbaker,
Dinsdale,
Fontaine,
Forgie,

Fulton,
Gingras,
Goode,
Gour (*Russell*),
Harkness,
Harrison,
Huffman,
Johnson (*Kindersley*),
Kickham,
Kirk (*Antigonish-
Guysborough*),
Lusby,
MacKenzie,
MacLean,
Mang,
Massé,
Matheson,
McBain,
McCubbin,
McLeod,
Michaud,

Montgomery,
Murphy (*Westmorland*),
Perron,
Pommer,
Poulin,
Purdy,
Proudfoot,
Roberge,
Schneider,
Stanton,
Stick,
Studer,
Tucker,
Villeneuve,
Weselak,
White (*Middlesex East*),
White (*Waterloo South*),
Wylie,
Yuill,
Zaplitny—60.

E. W. INNES,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, May 13, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Blackmore, Bryson, Cardiff, Castleden, Chalton, Decore, Dinsdale, Forgie, Goode, Gour (*Russell*), Johnson (*Kindesley*), Jutras, Kirk (*Antigonish-Guysborough*), MacKenzie, Mang, McBain, McLeod, Pommer, Roberge, Schneider, Studer, Tucker, Weselak, and Yuill.

In attendance: Rt. Honourable C. D. Howe, Minister of Trade and Commerce; *From The Board of Grain Commissioners for Canada:* Messrs. D. G. McKenzie, Chief Commissioner; J. Vallance, Commissioner; R. W. Milner, Commissioner; J. Rayner, Director of Administration; K. Hlynka, Secretary; A. F. Dollery, Chief Grain Inspector; Dr. J. A. Anderson, Chief Chemist.

The Committee resumed the detailed consideration of the Report of The Board of Grain Commissioners for 1953.

Agreed,—That information regarding the complaints respecting *Dockage* be tabled with the Committee when it has been prepared.

A list of "Shipments of Refuse Screenings" was tabled.

The following sections of the Report were considered and adopted: Shortages and Overages—Country Elevators; Weighover of Stocks—Terminal and Eastern Elevators.

At 1.00 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Argue, Batten, Blackmore, Bryson, Cardiff, Castleden, Charlton, Decore, Dinsdale, Forgie, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jutras, Mang, McLeod, Pommer, Roberge, Schneider, Stick, Studer, Weselak, Yuill, and Zaplitny.

In attendance: Same as at morning sitting.

Agreed,—That the Committee meet at 8.30 this evening to consider the submission of the Interprovincial Farm Union Council.

The Committee considered and adopted the following sections of the Report of the Board of Grain Commissioners for 1953: Assistant Commissioners; Car Order Book, Transport Controller, Lake Freight Rates; Committees on Grain Standards; Wheat Bonus; Prairie Farm Assistance Act; Canadian Government Elevators; Organization and Personnel; Information Program; Expenditures and Revenue.

At 5.45 o'clock p.m., the Committee adjourned until 8.30 o'clock p.m. this day.

EVENING SITTING

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Argue, Batten, Blackmore, Bryson, Cardiff, Castleden, Charlton, Dinsdale, Forgie, Gour (*Russell*), Harkness, Harrison, Johnson (*Kindersley*), Jutras, MacKenzie, Mang, Pommer, Roberge, Schneider, Stick, Studer, Tucker, Villeneuve, Weselak, and Zaplitny.

In attendance: Rt. Hon. C. D. Howe, Minister of Trade and Commerce; *From The Interprovincial Farm Union Council:* Mr. J. L. Phelps, President; Mr. J. F. Gray, Executive Assistant; Mr. A. V. Cormack, President, Ontario Farmers Union; Mr. Henry Young, President, Farmers Union of Alberta.

From The Board of Grain Commissioners for Canada: Messrs. D. G. McKenzie, Chief Commissioner; J. Vallance, Commissioner; R. W. Milner, Commissioner; J. Rayner, Director of Administration; K. Hlynka, Secretary; A. F. Dollery, Chief Grain Inspector; Dr. J. A. Anderson, Chief Chemist.

Mr. Phelps was called.

Agreed,—That the witness should complete the reading of his brief before being questioned thereon.

The witness presented the brief of the Interprovincial Farm Union Council and was questioned thereon.

At 10.30 o'clock p.m., the Committee adjourned until 11.00 o'clock a.m. Monday, May 17.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

May 13, 1954
11.00 a.m.

The CHAIRMAN: Order. I believe that we will go on where we left off yesterday. We had not completed "Shortages and Overages—Country Elevators", on page 13. Are there any more questions on that topic?

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners, recalled:

By Mr. Argue:

Q. Mr. McKenzie, we were told yesterday by Mr. Milner that in his opinion one of the reasons for overages was that sometimes an arrangement was made between the elevator agent and the producer for the elevator agent to take an excessive amount of dockage in a load of grain in return for an increase in the grade of grain. Would you consider that such a practice, even if it is made by arrangement, is in accordance with the Canada Grain Act? Do you agree with Mr. Milner's interpretation of that Act as given to us yesterday, that if there was an arrangement the law would not apply?—A. We have never had any complaint from any elevator point or any farmer that that practice was being followed.

Q. As far as you know, there is not a single bushel of the overages that we are dealing with that is made up because of an arrangement between the farmer and the producer that an excessive amount of dockage be taken in return for an increase in the grade?—A. An assessment of dockage would contribute to the net overages; whether done by arrangement or design I cannot tell you.

Q. You have made some prosecutions at times, have you not, for excessive dockage?—A. I wonder if I might make a brief statement which I think might clear up some of the misunderstanding about our powers in respect of the treatment of overages. This will just be a series of short statements. I am not going to try to make a formal address or anything of that kind. I just want to give you half a dozen bald facts that face us as the Board of Grain Commissioners. Firstly, I am a little disturbed by what appears to be an impression held in certain quarters, or some quarters at any rate, that the board is anxious to maintain overages. I wish we could find some satisfactory way of dealing with them and regulating and controlling them. There is not anything in the book, shall I say, that gives us more trouble than the question of overages. That is our attitude. I wish they could disappear, and under no circumstances do we encourage them.

The next thing I want to say is this. We do not supervise the weighing in country elevators. All the weighing into country elevators is done by the local elevator operators—without implying at all that they are inaccurate in any way. As a matter of fact, in the main we think that they do a good job. The fact still remains that we have no immediate supervision over it. That forces us into this position. I should say this, that the only time our weighmen come into the picture is when the grain moves through inspection points or when it is delivered to a local mill or something of that kind, when we provide a weighing service at cost. I do not know whether any other

possible way can be devised. We could not contemplate, I think everybody will agree, putting an official government weighman in every country elevator. The cost would be enormous, and it would be quite impracticable.

Now, the third statement that I want to make following that is this. Not supervising the immediate weighing, we are forced to depend on the sworn statements provided us by the head office of all the companies as to their stock position at the end of the year. I showed you the forms the other day. We get those in usually in the first three months after the close of the crop year. We go over them and analyze them to the best of our ability, and then from the results achieved there we are able to determine the country elevators that show overages and the country elevators that show shortages, and the picture revealed to us is a consideration in the fixing of the shrinkage allowances. Once that picture is in our hands then—perhaps I should make one more statement about determining the shrinkage allowance. If you examine those tables we gave you yesterday, you will find that about half the companies had an overage—I am speaking of gross—the other half had a shortage. Thinking in terms at the moment only of the shrinkage, we do not pick up, say, the top six of excessive overages and the bottom six of the list of shortages and fix a shrinkage allowance on that. We try to determine a shrinkage allowance that is equitable to the average of the trade throughout. That perhaps we do not always achieve; I do not know.

The next thing I want to suggest is this. Having determined the overages as disclosed in these company reports—and again perhaps I might interject this. As you know, in the last two or three years there are a number of elevators that carry stocks one, two or three years, because their storage facilities are so congested that they cannot do a weigh-over of the house. We have no power provided in the Act to force country elevators to weigh over. You will remember that there is provision that terminal elevators must be weighed in periods not less than 9 months and not longer than 22 months, but there is no provision in respect to country elevators. We do have power, though, to step into a country house at any time and demand to review the whole operation. Where we find elevators that had an annual weigh-over showing overages, our assistant commissioners visit all of those elevators, if possible, in each province and discuss with the elevator agent the reason for this overage and warn him of the effect of any continued practice in that respect. When it comes to agents who, over a period of two or more years, show what we regard to be an unjustifiable overage, we hold meetings in the provinces and call these men before us and make them give us sworn statements as to the factors contributing to the creation of an overage. If we find any single elevator with an agent that is continuing that practice over a period of too many years or in a way that cannot be justified, the only thing we can do is to suspend the licence of the licensee elevator company. The agents themselves are not licensed with us; so we have no way of getting at them, and I am not sure that I want to, because I have every sympathy in the world for the agent. He is on the battle line fighting for business and under pressure from the farmer on the one hand and the company superintendent on the other. He is doing the best he can. But we have no way of getting at him directly. We can only move at him through the licensee. That, you will understand, limits very definitely our powers in respect to the governing of overages in country houses.

One more word about our terminals: I read to you the sections in the Act yesterday which do give us a certain measure of power to confiscate overages in the western terminals that are proved through the promotion of grade. Note that—through the promotion of grade. If we discover such an

overage, we have to apply the formula set out in the Act, setting the excesses off against the deficiencies, and it is on the balance that a settlement is made. I thought you might like to get that statement, and I give it to you in perfect honesty and sincerity as an attempt to define to you all the powers we have in respect to this question of overages.

One other word about these figures: these figures that are set out here are provided us in the manner that we suggest, through these annual reports. They are provided us by the companies, and I am not questioning the authenticity or accuracy of them; but nevertheless in those figures every year there are a number of elevators that are estimated. So it is only fair to admit that, while those are the best figures we can produce to you, there may be a margin of error in them. I want to make that clear because of the manner in which we get them. It is not that we arrive at them by reason of their own weighovers. Those figures we arrive at from returns made to us by the elevator companies, part of which are just estimated figures, and there must necessarily be, I think, a margin of error in those figures. Coming back to your immediate question—I do not remember exactly what it was.

By Mr. Argue:

Q. Could you explain to me this: You say that you have to deal with agents through the licensee ordinarily?—A. Yes.

Q. Can you tell me what the law is in regard to excessive dockage, if an elevator agent did take excessive dockage, can you just tell me what the law is?—A. There is no law specifically about it. If we find an elevator agent taking what we think is excessive dockage, we have to come back at him through the same authority that we have to work through the licensee.

Q. Mr. Chairman, I am amazed at the statement that there is no law regarding excessive dockage and dealing with it.—A. Let me say—

Q. Let me continue now. The record will show the statement that was made. I think it was an amazing statement that was made now, that if an elevator agent is taking excessive dockage the way he has to be dealt with is through the licensee. We were told yesterday by Mr. Milner, when I asked him what the law was regarding an elevator agent who might enter into an agreement with a farmer to take excessive dockage in return for a higher grade—and Mr. Milner said the law, if they were making a transaction, was under a regulation, and he quoted the regulation, and that particular regulation—20 in the one I have, and I think it is a different number in some other edition of the regulations—specifies the physical equipment that an elevator agent must use when taking dockage. I am going to read to the committee the law as I think it exists, and it exists in section 159 of the Canada Grain Act, Revised Statutes of Canada, 1952. It reads as follows:

Everyone who, either generally or in any particular transaction relating to grain, induces or attempts to induce the manager of any elevator, or any person acting on behalf of such manager, to state the incorrect weight of any grain delivered into or out of such elevator, or to claim excessive dockage from any such grain, is liable on summary conviction to imprisonment for not more than six months or a fine not exceeding five hundred dollars.

Mr. Milner said yesterday that if an elevator agent and a farmer made an agreement wherein the elevator agent took excessive dockage, that was in no way breaking the law. The law is perfectly clear that anyone who induces such a thing to be done is liable to imprisonment for six months or a fine not exceeding five hundred dollars. I am just shocked to hear a member of the Board of Grain Commissioners saying that the practice of

taking excessive dockage, which he said accounts for a substantial part of the overage in country elevators, is something that he does not consider comes under the law, even in the face of section 159, which I have read.

My second point is this. I said yesterday that I did not know the law, I wanted the section that had to deal with excessive dockage, and I was told that the way that is dealt with is in the regulations. I think that it is just an amazing situation to have this committee told that taking excessive dockage is not breaking the law in this section 159.

Mr. MILNER: May I reply to Mr. Argue? May I draw your attention, Mr. Argue, to section 112 in the Act:

Where grain is offered at any licensed public country elevator for sale or ordinary storage and the person offering the same and the operator or manager of the elevator agree as to the grade thereof, and the proper dockage therefrom, an ordinary cash purchase ticket or elevator receipt shall be issued in respect of such grain, describing it by reference to the grade and stating the dockage agreed upon.

Mr. ARGUE: What do you tell me from that?

Mr. MILNER: That the dockage was agreed upon between the agent and the farmer and the consideration was a higher grade. As I said yesterday, and I say again today, I see nothing the matter with it by law. Nor do I see a contravention of the Act.

Mr. ARGUE: Well, that is still a very amazing thing. The word used in that section is "agreed"?

Mr. MILNER: That is right.

Mr. ARGUE: The elevator agent and the farmer agree on the dockage?

Mr. MILNER: That is right.

Mr. ARGUE: But it is spelled out very clearly how the dockage shall be arrived at. It shall be arrived at by using specific equipment, and the only agreement, I told you, within the law that can be arrived at is the correct dockage that is made after a careful testing of the dockage, and that agreement does not allow either party to break section 159. When a member of the Board of Grain Commissioners tells us that it is quite in order for all and sundry to break the law, I just cannot find the words to express my reaction. I put it to Mr. Milner that today elevator agents in Canada in the grain trade are not carrying on the type of practice in the way Mr. Milner told this committee was the result of his own personal experience, because, while I am shocked at his interpretation of the law, I still believe in the integrity of the vast overwhelming majority of elevator agents, and I do not myself believe for one minute, and neither does Mr. McKenzie, that excessive dockage in exchange for upgrading accounts for a large part of the overages. It may be Mr. Milner's experience. It is not mine. It is not Mr. Johnson's experience, nor Mr. Bryson's experience. I believe that the elevator agents stay within the law, and the farmers too, but how can people be helped to stay within the law when the people administering the law or in charge of administering the Act tell us that plain English is not what it says.

Mr. McLEOD: Mr. Chairman, we have had two sections of this law quite clearly quoted, and I do not think that it is any different from most laws or Acts. In the one the arrangement is by agreement—and that enters into most business transactions carried on in Canada today, that is where there is agreement. Where there is no agreement, then the only way in which they can arrive at dockage is by the Act. I think that all this personal incrimination is something that we should bring to a close, to allow this committee to get on with its work to study the sections before it.

Some Hon. MEMBERS: Hear, hear!

Mr. ARGUE: This has nothing to do with personal incrimination at all. My remarks are based on the evidence that is placed before this committee. I have nothing personal against any one of the gentlemen that are attending this session, but I believe that they should attempt to administer the Act in exactly the way it is set forth and not be giving opinions that the law does not need to be applied and has not been applied.

Mr. FORGIE: Is not the last speaker giving his opinion? If their opinion of the law is contrary to your opinion, that does not mean that you are right.

The CHAIRMAN: Is it not a matter of opinion as to the interpretation? I think we dealt with that at some length yesterday and, after taking the time that we have taken this morning on the question, could we not consider the question as having been dealt with? I think that is the wish of the committee, anyway. Are there any more questions on this?

Mr. BRYSON: I would just like to say this: Surely we are not going to have the Canada Grain Act with passages in it that a number of people are going to put their own interpretation on. Surely we should be able to have something more concrete than that. I am convinced in my own mind that this practice is being carried on. It is being carried on to the detriment of the producer, and I do not think that it is fair.

The CHAIRMAN: I think that we have dealt with that at length.

Mr. VALLANCE: With the long experience that I have had, both as a grower and on this board, where I have been for the last 11 years, I would say this to Mr. Argue: the record of the evidence, I think, will prove that at no time, as has been stated by the chief commissioner, has it been drawn to our attention that that practice has been carried on. If it is, it must be in agreement with the producer, because he has never complained to us. There are penalties in the Act when he takes excessive dockage. To me this is a tempest in a teacup. Whether we interpret the law as being set out by Mr. Argue or Mr. Milner or Mr. McKenzie or myself, there is a place where that can be settled, and I do not think that it is here, with all due respect to the committee. With my 50 years' experience in Saskatchewan, I have never known in all that time where there has been a complaint made to the Board of Grain Commissioners with respect to the question under discussion right now.

Mr. ARGUE: That is the third interpretation now of the law.

Mr. VALLANCE: It is not an interpretation, just a statement of the facts existing today.

Mr. ARGUE: You said the law should be interpreted as it is stated. I did not need to have 50 years' experience in the grain business—

The CHAIRMAN: Order, order. Now, Mr. Goode.

Mr. GOODE: Now we have listened to the first act of Hamlet produced by Mr. Argue. I know very little about wheat, but I would like to know this: Can you tell us, from your experience, if this matter has ever been brought to your attention before?

Mr. VALLANCE: Let me qualify that. What I am saying is that no producer has ever drawn it to the attention of this board since I have had anything to do with it.

Mr. GOODE: That is not an answer to my question. Has Mr. Argue brought this matter to your attention in the way of correspondence? Has he ever brought this to your attention in correspondence with the board?

Mr. VALLANCE: The correspondence which we get is so voluminous that I would not be able to make a statement.

Mr. GOODE: I think you would remember it if he had.

Mr. ARGUE: Could this committee be given a record of the cases that have been tried over the years in regard to excess dockage?

Mr. VALLANCE: I would say excess overage.

Mr. ARGUE: My point was with regard to excess dockage and the law as it affected excess dockage; and you said there were no complaints from any producer at any time. I am asking if this committee can be given that part of the records of the Board of Grain Commissioners which show what action has been taken in regard to cases of excessive dockage; that is, just to the general question of excessive dockage.

Mr. VALLANCE: Mr. Chairman, the question out of which this whole discussion arose was a statement made to the effect that by agreement between the producer and elevator operator those arrangements are made—if they are made, and I have no knowledge of them. I can say that we have never had a complaint of that kind. But if you are asking us about any action we have taken on complaints about excessive dockage, I must say yes, we have.

Mr. ARGUE: Returning now to my question: Can this committee be given that part of the records of the Board of Grain Commissioners showing any action that has been taken covering the matter of excessive dockage being taken? That is a proper question; that is one covering wheat; are there any complaints or not? I would like to get the information as to actions, prosecutions successful or otherwise in regard to the topic of excessive dockage.

Mr. VALLANCE: He has not got it with him.

Mr. ARGUE: Well then could you obtain it for the committee, if you have time? And if you do not have time could it be sent to the members of the committee?

Mr. VALLANCE: I think we can promise you that the files will be gone through. The secretary is here now and what you suggest will be carried out and sent to you or to this committee.

Mr. ARGUE: Thank you. I would prefer the committee to myself.

Mr. MANG: I have just a minor question respecting a matter which came up, namely, cleaners. I was surprised to hear that in some parts of the country there are no cleaners operating. Well, along our line some cleaners have been installed as late as last year and in the spring you will see a line-up waiting for the cleaners at the elevators, perhaps half a mile long. Is there any record as to the number of cleaners operating in the west?

The WITNESS: Yesterday when this question was brought up I asked our secretary to wire to Winnipeg and get us the information. The wire which we received reads as follows:

Country elevators with cleaning plants Manitoba 644 Saskatchewan 1426 Alberta 241. Estimated grain cleaned 1952-53 Manitoba 21,719. . . . That 21,719 figure should read 21.7 million bushels.

. . . Saskatchewan 11.6 million bushels and Alberta 2.9 million bushels.

By Mr. Argue:

Q. Those bushels were quoted from where?—A. In the country elevators.

Q. What cleaning equipment is there. Have you any information as to the equipment that is operated? I know from my own local and personal experience that it is one thing to have a mill in an elevator and another thing to have the elevator agent say to you: I have got a good mill in good working order and it is suitable for cleaning.—A. I think the best answer I can give you is this: All our records show is the number of elevators equipped with cleaners. But when we go out to those meetings, either myself or the assistant commissioners, and when we are travelling around the provinces interviewing the agents and examining the houses, we determine then whether

or not the cleaners are used; and according to the evidence coming to us from buyers, it indicates that almost invariably they use them. That does not mean that they clean every bushel that goes through the house. No, but they do use them at times.

By Mr. Mang:

Q. Would not the figures quoted show the extent to which these cleaners are used?—A. Quite.

By Mr. Castleden:

Q. And do not the figures also show that in Manitoba apparently the practice there is to clean the grain far more than in the other provinces?—A. That is right.

Q. Because you have almost three times as much grain cleaned in Manitoba as in Saskatchewan.

Mr. ARGUE: This includes farm grain?

The CHAIRMAN: Does that complete this section?

By Mr. Blackmore:

Q. Just for the record, Mr. Chairman, is there any way in which you can define for us just what excessive overage is? At what point would you call overage or dockage excessive?—A. I will give you the best guess I can on it. That is one of those rather indefinite terms; and when we go out to visit any elevator agent, either myself or the assistant commissioners, one thing we try to clear up and impress upon them is the fact that the shrinkage allowance, for instance, is never given with the idea of creating an overage. All that the shrinkage allowance is intended for is to protect them against shortages.

Now, when you ask me what is excessive overage, we have to use some kind of a yardstick or cut off.

Q. Would you make it dockage? What would be excessive dockage?—A. Well, that depends upon the grades. Perhaps Mr. Dollery could give us some idea of the dockages allowed in the grades. It depends on the grades of grain which you are handling. For example, No. 1 northern will not carry the dockage that No. 3 would.

Mr. DOLLERY: The top grades, of course, have to be absolutely clean, but when you get into your coarse grains there is a provision to carry a certain amount of large seeds.

The WITNESS: The details are stated in the Canada Grain Act, unless you would like to have them read into the record.

Mr. BLACKMORE: I think it would be quite appropriate to have them read into the record because so much discussion centres around the question of excesses.

Mr. DOLLERY: Let us take Canada western barley No. 1, that is No. 1 Canada western 6-row barley; it is practically free of seeds in that top and exclusive grade of No. 1, and my interpretation of it would be far less than a quarter of one per cent. That does not mean small seeds like mustard or buckwheat, but large seeds such as wild buckwheat.

Now, in the case of No. 2 western 6-row barley, it must be practically free of seeds.

Then you get to No. 3 Canada western 6-row barley and you are allowed about one per cent of seeds in that grade. That is within the definition. That means wild buckwheat.

Mr. BLACKMORE: What about wild oats?

Mr. DOLLERY: We allow one per cent of wild oats.

Mr. BLACKMORE: They are classified then as large seeds?

Mr. DOLLERY: No, there is one per cent allowance of seeds and one per cent of wild oats; and three per cent of other grains, with a total not exceeding four per cent.

Then you come down to No. 1 Feed barley where we allow two per cent of large seeds, such as wild buckwheat; and four per cent of wild oats; and four per cent of other grains, but not more than a total of four per cent.

Then in the case of No. 2 feed barley we allow three per cent of large seeds, and not more than ten per cent of wild oats, and not more than 10 per cent of other grains, but not exceeding a total of ten percent. That means a division of those wild oats and other grains and large seeds.

And in your No. 3 Feed barley we allow three per cent of large seeds, 20 per cent of wild oats and 20 per cent of other grains, not exceeding 20 per cent in total.

That defines your barley and you will see in the schedule No. one the definitions of Canada western grain and it is pretty much the same.

Mr. BLACKMORE: Now, what about wheat?

Mr. DOLLERY: Wheat?

Mr. BLACKMORE: Or in respect to coarse grains.

Mr. DOLLERY: Well, in the case of wheat, let us look at Manitoba No. 1 hard; matter other than cereal grains, free; total including cereal grains other than wheat, free; Durum, free; total including Durum: We allow nothing in there at all.

And in the case of No. 1 Manitoba northern for matter other than cereal grains practically free.

Now, there is quite a question on what do you mean by "practically free". We do not like to be too hard about this but practically free in the case of No. 1 northern is far less than a quarter of one per cent. The total including cereal grains other than wheat, practically free; Durum, practically free; and total including Durum, about one per cent.

In the case of No. 2 Manitoba northern, matter other than cereal grains, practically free; total including cereal grains other than wheat, about one per cent; that means to say that if a sample came to me for inspection which contained the basic grade, let us say of No. 2 northern and it contained one per cent of barley, I would still have to grade it as No. 2 Manitoba northern.

Mr. BLACKMORE: What about wild oats?

Mr. DOLLERY: Matter other than cereal grains, practically free; total including cereal grains other than wheat, about one per cent; Durum, about 1 per cent; and total including Durum, three per cent.

Now in the case of No. 3 Manitoba northern, matter other than cereal grains, reasonably free. Grain that comes from the north country we find it contains some tartarian buckwheat and we have a percentage set up for it. Total including cereal grains other than wheat, about two per cent. That means to say that if you had a sample of No. 3 Manitoba northern and it contained two per cent of rye or two per cent of barley, it would still qualify under the statutory definition as No. 3 Manitoba northern. Durum, three per cent; and total including Durum, ten per cent.

Now in the case of No. 4 Manitoba northern, matter other than cereal grains, reasonably free; total including cereal grains other than wheat about two and one half per cent. We would let two and one half per cent of barley into No. 4 Manitoba northern.

The CHAIRMAN: Does that answer your question now, Mr. Blackmore?

Mr. BLACKMORE: It is exactly what I think is important and I would like to follow it up with this question: When we are computing overages, do we count such weeds as stink weed, and mustard seed, and all those seeds?

Mr. DOLLERY: All those seeds cleaned out go into the screenings.

Mr. BLACKMORE: And they are not counted in the overage at all?

Mr. DOLLERY: You would have an overage counting your screenings, which is dockage.

Mr. BLACKMORE: It would count, would it not, in the poundage?

Mr. DOLLERY: In the complete stocks of the elevator, I would say so.

The WITNESS: Sometimes screenings are cleaned and the broken wheat and the wild oats, and that kind of stuff is taken out; they may go back into some of the feed grades such as feed barley, and that does tend to create an overage in those grades.

By Mr. Blackmore:

Q. It is included in the overages in a general way?—A. Yes; that would be a permanent factor.

Q. If there should be some broken kernels or half sized wheat, they would go into the overages?—A. They might.

Mr. JOHNSON (*Kindersley*): What is the average dockage according to the inspections of wheat that you have made, Mr. Dollery?

Mr. DOLLERY: That is pretty hard to say. We have had dockage as high as ten to fifteen per cent in some carloads. Then again we might have from one per cent to one and one-half per cent. I could not tell you what the average would be.

Mr. JOHNSON (*Kindersley*): Do you think it would be three per cent?

Mr. DOLLERY: I would not like to say. It might give you a wrong impression.

Mr. JOHNSON (*Kindersley*): The reason I wondered about it was this: Let us assume that it is three per cent, because I do not believe it would go any higher than that as an over all average. If you had three per cent dockage with 36.2 million bushels cleaned in all the country elevators, you would have a dockage of 100,000 bushels and that still leaves you 183,000 and some odd to go over on one million; and that makes it work out to a very small overage in thousands of bushels.

Mr. WESELAKE: Those cleaning figures include grain cleaned for the farmers for seeding purposes, do they not?

The WITNESS: Yes, and he has the right to take that back.

Mr. BLACKMORE: I think it would be of value to know what the percentage is in respect to grades 5 and 6 wheat.

Mr. DOLLERY: I can read the figures on what we call the commercial grades; just No. 5 and No. 6 in feed wheat; No. 5 wheat—I will not go into the degrees of soundness or variety of course. Matter other than cereal grains, reasonably free. That means such things as buck wheat or any other seeds. Total including cereal grains other than wheat, about three per cent; Durum, five per cent, and we have no total of varieties or other classes because any variety is allowed in No. 5 or No. 6 wheat, it must be reasonably free of materials other than cereal grains. And total including cereal grains, three per cent. That means that you could have three per cent of rye or barley and still qualify as No. 6; Durum, six per cent.

Mr. BLACKMORE: Suppose there is both barley and rye in a given sample?

Mr. DOLLERY: Your total would be the same; you would have one and one half per cent of each and then you get down to feed grain where we allow three per cent of large seeds or mixed seeds, such as oats, wild oats, or wheat heads, three per cent, or a combination of three of either one of them, to make 13 per cent; that is the excess you could have, 13 per cent; 13 per cent of barley, 13 per cent of rye, and we call it feed wheat. After that you get into your mixed grains.

The CHAIRMAN: Does the section carry?

Mr. CHARLTON: There has been quite a bit of discussion regarding dockage and overage. As an eastern feeder, what is the disposition of this dockage and how much of the so-called screenings is allowed to go back into the dockage and be mixed with feed grains, I believe that is the practice sometimes. Could you give us some information on it?

Mr. DOLLERY: I do not quite understand it, but we have definitions for our screenings grades and it comes under regulation No. 7.

Mr. CHARLTON: That is to be sold as screenings?

Mr. DOLLERY: Yes, as screenings.

Mr. CHARLTON: That cannot be called feed grain.

Mr. DOLLERY: No; it is graded by our inspection branch under the screenings grades and it is taken care of under regulation No. 7 of the Board of Grain Commissioners. It reads as follows:

No. 1 Feed Screenings shall consist of wild buckwheat and broken and shrunken grain and may contain small portions of other seeds of feeding value and wheat scouring. It shall contain not more than three per cent (3%) small weed seeds, chaff and dust combined, not more than five per cent (5%) ball mustard, not more than six per cent (6%) small weed seeds, chaff, dust and ball mustard combined, not more than eight per cent (8%) wild oats, and shall be cool and sweet.

Mr. CHARLTON: I am not interested in screenings as screenings. It is feed grain in which I am interested, and whether with respect to the wheat shipped to the east we are getting too many weed seeds with the screening that is supposed to be sold as feed. I wonder how much of the so-called screening can be mixed back into the feed grain and it still be called feed?

Mr. DOLLERY: Have you any particular grade in mind?

Mr. CHARLTON: No. 3 Canada Western tough, or No. 3 barley.

Mr. DOLLERY: I gave you those percentages.

Mr. CHARLTON: Where does the authority of the board end in so far as western feed coming to the east is concerned?

The CHAIRMAN: Mr. McKenzie will answer you.

The WITNESS: We inspect the screenings out of terminal elevators, but once the feed goes into the eastern mills and moves out of there, then we have no jurisdiction over it. I should not say into eastern mills but into feed plants; perhaps that is a better term to use. That is governed purely by provincial legislation. It moves out of the terminals under our grade certificate, and once it gets into one of these mills, it loses its identity and is sold out in small lots from there and we have no jurisdiction. I may be using the word "mill" in a wrong sense, but I mean one of those feed plants or screening mills, or whatever they are called.

Mr. CHARLTON: You say that you lose your authority once the grain leaves the Lakehead?

The WITNESS: Yes, or out of an eastern terminal.

Mr. BRYSON: In connection with screenings, is it not true that there are different standards as to weeds in the east than in the west? Our standards are higher in the west as far as weeds are concerned?

Mr. DOLLERY: On some grades.

Mr. BRYSON: I understand. Is it possible that these people of whom Mr. McKenzie has spoken could take western oats and mix a considerable amount of screenings with those oats and bring them up to eastern standards and be perfectly within the law as far as eastern standards are concerned?

The WITNESS: You are the inspector, Mr. Dollery. Perhaps you might answer the question.

Mr. DOLLERY: We have no jurisdiction over the ordinary feed dealer let us say at Clinton or at places like that. They could sell it to the farmer but not under our grade name; they could sell it as feed oats.

Let me give you an illustration: Supposing this dealer had a small warehouse and had four or five hundred pounds of one feed screenings in one corner, and he mixed it with some western feed oats. There is nothing I know of to stop him mixing some of the screenings into the oats; but he cannot call it by our grade name, and he could not say: this is western No. 1 feed oats.

By Mr. MacKenzie:

Q. And supposing he does?—A. Well, if you will look at section 157 of the Act you will see that a penalty is provided. The section in question reads as follows:

157. Any person who makes use of any grade name in dealing with or to describe any grain which does not possess the characteristics by reference to which grain of the grade bearing such name is defined is punishable upon summary conviction by imprisonment for not more than six months or by a fine not exceeding two hundred dollars, unless he establishes that he, on reasonable grounds, bona fide believed that the grain in question had the characteristics required for the grade of which the grade name was used by him.

And then again, in section 160, which reads:

160. Every person who represents any grain inspection certificate to relate to any other grain than that to which it properly relates is liable on indictment to imprisonment for not more than two years or to a fine not exceeding five hundred dollars, unless he establishes that such representation was made in good faith and that when he made it, he believed, on reasonable grounds, that the certificate in fact related to the grain to which he represented it to relate.

That provides the penalties for misuse of our grade names.

Mr. CHARLTON: Unless?

Mr. DOLLERY: Yes, unless.

Mr. CHARLTON: In other words, we feeders in the east are practically on our own when we buy feed unless we buy a carload of oats directly from the head of the lakes?

The WITNESS: Yes.

By Mr. Charlton:

Q. If it is shipped directly to us here through the wheat board, and if we feel that the grade is not up to the standard then we can submit a sample to you and it would come under your jurisdiction then?—A. That is quite right.

By Mr. Bryson:

Q. Do you mean that if an eastern feeder wants to protect himself, the only recourse he has is to improve his standards when he buys oats, wheat and barley?—A. We have had some suggestions made to us that shipments of refuse screenings were going into some places among the eastern feeders; and

anticipating that that question might come up I asked for a compilation of what actually happened. I will read that to you now, and then if you want to, I can give you details as to where the refuse screenings were shipped. I suppose at the moment I should say they were never shipped to a feeder with the exception of two carloads to which I shall refer in a moment.

Car lots of Refuse Screenings billed to Humberstone (Robin Hood Mills) are processed and shipped to United States points.

Car lots of Refuse Screenings billed to Collingwood elevator are processed and shipped to the New England States, U.S.A.

Car lots of Refuse Screenings billed to North Transcona and other western points are processed and reshipped.

Car lots of Refuse Screenings billed to Capreol are diverted to U.S.A. points or Humberstone for processing.

And these are the two cars to which I made reference a moment ago:

Cars 249878 and 472856 billed to Millgrove, Ont., were unloaded at the point by farmer Mr. J. C. Attridge for Animal Feed. This information was obtained from the James Richardson & Sons Limited, who also advise the two car lots were filed with the Seed Branch, Department of Agriculture, to be used for Animal Feed purposes.

In other words, any odd car that moved in to seed branches would qualify and they took over the jurisdiction. Now I can leave that with your secretary. It shows the individual carload shipments and it gives you the total that were shipped, if the committee is interested in it.

The CHAIRMAN: Are there any more questions on this heading?

Mr. DINSDALE: Just briefly on overages: We spent a lot of time discussing this subject as I recall it on the last two occasions when the committee met and it seems to be getting worse instead of better. As I see it, all we can do is to point out the trouble and difficulty. Mr. Milner has referred to the awareness of the problem by the board. I am just wondering—in whatever is done to solve the problem does the board get together with the producers to see that they really grasp the problem and so on?

Mr. MILNER: The board decided quite some time ago that this summer, as soon as we get around and through some of the work piled up, we would hold meetings—a good many of them in Saskatchewan—and insist upon the senior officials of the grain companies attending those meetings when we are talking to their agents about overages. Heretofore we have had the usual travelling superintendent, or somebody of that nature. But we decided to call some senior officers of the companies and impress upon them the seriousness of this thing and in fact to call upon more agents than have been called upon up to date.

Mr. DINSDALE: You mean representatives of the grain companies? But is there not a direct contact with the producers?

Mr. MILNER: No.

The CHAIRMAN: Are there any more questions on this heading, or can we carry it.

By Mr. Castleden:

Q. What do you mean by "excessive overage?" It says in your report:

Where it was felt by the Board that there were excessive overages on public country elevator operations revealed in the light of the 1951-1952 and previous records, public hearings were held to examine operations of the offending agents.

Where do you draw the line as being excessive?—A. I thought that I was on the way to answering it a little while ago, but maybe I got off the track. However, in looking at this picture revealed by the overage figures, and in deciding what agents to call in, we usually draw the line there at one quarter of one per cent, and call those who are over that figure. That does not mean that we are content for them to take one quarter of one per cent, but we go after the worst offenders first. We say, certainly, to the elevator agent: the elevator is entitled to a shrinkage allowance, but it is solely to protect them against losses and so on.

Q. It says:

During 1953, hearings were held at seven points and 54 country elevator agents with unsatisfactory records were summoned to appear before the Board to show why the Board of Grain Commissioners should not refuse to license any country elevator at which the persons concerned act as agents of the licensee.

Did that have to do with overages, or dockages, or what?—A. With overages.

Q. Then what action was taken?—A. The men were reprimanded. The only thing we can do is to deal with the licensee. The men themselves, however, were reprimanded and warned as to what would happen to their elevator point if they continued in that practice. The only thing we can do would be to suspend the license for operations for some time. But we do not like to do that because the persons who suffer the most are the farmers in the community where the elevator is closed and they cannot get their grain in. So to us it is not a satisfactory solution to the problem.

We did suspend one elevator a year or two ago for ten days, I think it was. That is the usual practice. Then we can take it up with the company, the head of the company, and point out the whole situation to them. But the only thing we can do under the Act is to impress them with the undesirable position that their elevators are in.

Q. Have there been any serious cases?—A. You will see the results in this compilation by companies, and in the last two schedules in this sheet you will see the companies' positions there.

Q. That does not give us the same remedy with regard to some other point that might be badly affected.—A. Well all we can do under the Act is to go out and point it out to the agent. We have no power to do anything else. The Act may need amending. I do not know; but we have no power to do anything else. We can go out and stress the point upon the agent either through our assistant commissioners or through ourselves. That situation is developing and that is the reason we asked for the matter to be gone into. The only other thing we could do would be to suspend the operation at that point for a period of time, but as I say, we do not like to do it.

Q. In the case of an overage, it belongs to the man himself?—A. No, not in the case of country elevators. You are thinking about terminal elevators.

By Mr. Argue:

Q. Is there any way you can think of whereby you might be able to deal with the situation in a better way?—A. We have given a lot of thought to it but I must confess that we do not see the answer. For instance, I do not know whether you mentioned this to the Wheat Board, but a few years ago we did give some very serious thought to advocating that the overages, whatever they might be, should be taken over by the wheat board. But in fairness to the agent—and the wheat board will support this view—that if they should take the overages, they would have to protect the agents against shortages; and if they

give them assurance against shortages—and that principle is recognized in the eastern elevators under the section which I read to you—if there is any assurance given to the country elevators against shortages, I am very fearful of the results that would happen in the country.

Q. Is there not a protection given against shrinkage allowance?—A. There is protection against invisible loss.

Q. Have they not got protection in that respect?—A. Yes, to that extent.

Q. And reasonable protection?—A. To that extent.

Q. Then why should they not be given more protection when the figures here show that there are overages in at least as many elevators as there are shortages.—A. Well, if you will look at those figures you will find there are a number of houses showing overages. Actually there are overages in most but not in all of them. I admit there are some that are pretty excessive, but having regard to the total number I suggest that they are relatively small.

Q. According to the definition in the Act regarding terminal elevators you have about 466 that have excessive overages, if you are looking at this in the same way as you look at terminal elevators?—A. Yes.

Q. All I am saying is that 893 had overages of less than .25 per cent.—A. That is quite right. I have not the figures here, but I am quite prepared to take the figure you are reading there. Whether the words “excessive overage” should apply or not where you have an overage of, say, .001, .01, .02, overages of that type are overages admittedly, but whether they should be described as excessive overages, I do not know.

Q. In your own looking at this and your own action, you do make a distinction between overages of less than .25 per cent and the big ones, the overages above .5 per cent?—A. That is for our own convenience. We could not visit every elevator in the country. We have to cut off somewhere and decide which ones we will call on and go after. We have done that arbitrarily. If we cut that down to .01 per cent, we would have to call on four or five hundred.

Q. I think you mean .1 per cent, do you not? Those are overages of less than .25 per cent.—A. That is where the line is.

Q. You are saying whether you would like to reduce the .25 per cent to .1 per cent or not.—A. Any figure you would make it, any place you cut it down, increases materially the number of elevator agents we would have to see, and we have not the time to do it. Those are the men that we send our assistant commissioners to. They are not overlooked. The assistant commissioners go to them and give us reports on them.

Q. Would it not be reasonable that there should be a definition as far as country elevators are concerned as to overages, somewhat along the line of the definition in the terminals?

The CHAIRMAN: Does that carry?

By Mr. Argue:

Q. No, Mr. Chairman; I am interested in the fact that, as I see it, 54 country elevator agents with unsatisfactory records were summoned to appear before the board. Why only 54 out of 466 that have overages in excess of .25 per cent, if you draw a line there as you did in the terminal elevators?—A. Those are the ones that we called before us.

Q. What happens to the other 400?—A. The assistant commissioners visit them, discuss it with them and point out to them the dangers of the practices and where it might lead to.

Q. Could you tell me how many they visit?—A. I cannot say that every year they visit all the ones with overages. You take your own province. It is a huge task for a man to get all over the country. They get to as many of them as they can.

Q. Could you tell me how many they get to? I do not think it would be reasonable to ask him to go to every person with an overage, even a five-bushel overage, but it would seem to me that if the overage exceeded .25 per cent, which is the figure used for excessive overages in terminal elevators, that might be a reasonable place at which you would start to go and visit. How many of the 466 were visited?—A. Here are figures taken from our report. Through 1953 the assistant commissioner for Alberta inspected 1,244 country elevators; the assistant commissioner for Saskatchewan inspected 928 country elevators. The overage situation, I am going to confess frankly, bothered us far more in the province of Saskatchewan than in any other province. The assistant commissioner's time in Saskatchewan has been taken up dealing with these problems at a lesser number of elevators.

Q. You had hearings at seven points and 54 agents were summoned before the board. What constitutes the board in those cases, one member?—A. One or more members. We try to get two if we can, but sometimes pressure and time will not allow us.

Q. Are these hearings open to the public?—A. We would not have any objection, but we usually write to the companies and ask them to have their men available at such a point, and they come in.

Q. You would have no objection to producers appearing before the board at such a hearing?—A. You run into the other problem, that I, frankly, have not thought my way through. Here we call certain agents whose record is not too good in a community, maybe one point where there are five or six elevators, and somebody comes in and gets his record. They go back, and friends of the other companies may—I do not want to say it any stronger than that—they may use that information rather unfairly against the elevator agent, and that is a thing we have to measure.

Q. Would you be prepared to have come before that board a representative of other farm organizations, shall we say other producer organizations?—A. What would they want to do?

Q. I would not know. Would you be prepared to have them sit in a hearing?—A. Having consideration for the circumstances I have just suggested to you, we would have no objection beyond that.

Q. You would have no objection to having them sit in on the hearing?—A. I do not know. It is a problem we find difficult to answer. But if they come in, I certainly would not turn them away.

Q. Would all the elevator companies, to your knowledge, have strong objections?—A. You would have to ask them. I do not know. We do not examine these men together for the very reasons I am suggesting. Supposing we call 10 into Saskatoon for a hearing, we get those men together first of all and give them a talk on the seriousness of this. Then we take them one by one and ask them to come back to us individually, at perhaps 15- or 20-minute periods, for private examination. We do not want the rest of the men there to hear the examination of the first one, because they would probably come along and develop the same type of argument. So we examine them individually. So far as anybody sitting in on the general part of the meeting is concerned, where we give the general warning and so on—

Q. You examine these people, one every 15 minutes?—A. 15 or 20 minutes.

Q. I do not think that is very much action.—A. We have to do it to get it over, and we can examine them thoroughly in that time.

The CHAIRMAN: Any more questions?

Mr. ARGUE: I asked this question before, but perhaps I can have the answer again. Do you know that elevator companies would object to public hearings?

The WITNESS: I do not.

Right Hon. Mr. HOWE: The companies are here. You can ask them, when they are on the stand. I do not think that Mr. McKenzie should be asked what elevator companies think and do, when the elevator companies are here.

By Mr. Argue:

Q. That is the first intimation I have had that the elevator companies were coming on, but I think when the Board of Grain Commissioners have to deal with the Canada Grain Act a question like that is a reasonable question, as to whether producers can sit in at a board and whether elevator companies object to this.—A. Mr. Argue, may I just emphasize one point? I am strongly against examining all the agents together at one time.

Q. The point I was endeavouring to make was that in a situation like this I think there should be public hearings, and I do not see that any harm can come of it at all. I ask you this. This is my own experience in something different. In a consumer's petroleum retail outlet—and there can be lots of shrinkage in gasoline as in wheat, by spillage and evaporation, etc.—at the end of the year the annual report shows the number of gallons of shortage or overage, and I cannot see that the disclosure of that figure would do anybody any harm. What harm do you think it could do?—A. I would not like to have those agents all sitting in at one time. If people come and hear one agent examined and then come with a friend and convey to him the nature of the questions asked, he would be primed for us every time.

Q. Don't you think that if the overages were made public, the fact that they were going to be made public by elevator points would result in greater care?—A. It might.

Q. And a good agent has nothing to fear, I am sure. I do not think that they are afraid.—A. I want to suggest to you that a good agent has occasionally very severe overages.

Q. If he is a good agent and there is an explanation for it, I see nothing wrong with that.—A. As I told you the other day, the reason that we do not publish the individual overages, that is the overages of individual houses, is that we may by so doing put a weapon into the hands of the competitor that would be used very unfairly, and I still stand by that statement.

By Mr. Dinsdale:

Q. I would like to pursue the question I asked a short time ago. I was surprised to hear that there was no direct contact between the producers and the board. It was contemplated to change the regulations. Is there any way producers' organizations could express their opinion on the matter to the board?—A. Oh, yes, they can always communicate with us. If they have any reason to suspect incorrect weighing, unusually heavy dockages or overages, all they have to do is communicate with us and we will investigate the matter thoroughly.

Q. But there is no give-and-take sitting down and discussing the thing?—A. I do not know exactly if I understand. We have annually for the last three or four years visited each of the pool annual meetings, the U.G.G. meeting and so on, and discussed this thing fully.

Q. If producers' groups asked for a hearing, is it possible?—A. A hearing of what?

Q. They make certain recommendations?—A. They can always make recommendations to us. For instance, if a group of farmers anywhere—

Q. It is carried on by correspondence?—A. If they wanted to hold a meeting and asked the Board of Grain Commissioners to go out, our assistant commissioners occasionally hold meetings, and we will discuss these things with them of course. We have nothing to hide, and I want this committee to know that

our Board of Grain Commissioners are honestly doing everything we can to give effective administration of the Canada Grain Act. There are limits to the powers that we possess, and one of the limits is around this question of overages.

Mr. ARGUE: Isn't the answer very obvious, that there should be amendments to the Canada Grain Act, so that you have power to deal with this very important situation?

The WITNESS: That is a matter that is in the hands of parliament.

The CHAIRMAN: Are there any more questions? Is it carried?

Carried.

We go to "Weighover of Stocks, Terminal and Eastern Elevators", page 13.

WEIGHOVER OF STOCKS, TERMINAL AND EASTERN ELEVATORS

In accordance with sections 139 and 140 of the Canada Grain Act 28 terminals and 21 Eastern elevators were weighed over during the 1952-53 crop year. Due to large stocks in store, the Board deferred weighovers at 18 terminals and five eastern elevators under authority of section 141 of the Canada Grain Act, and weighovers of two elevators at the Pacific Coast which came due shortly after a labour strike were deferred beyond the twenty-two month period by the Transport Controller by authority granted him under the Emergency Powers Act.

At one terminal elevator, weighover disclosed excessive overages due the Crown in the value of \$289.48 which amount was received by the Board.

The WITNESS: Incidentally, before you start asking questions or making comments, the weighovers are now completed, I think, in all the terminal elevators but two at the west coast.

The CHAIRMAN: Are there any questions?

By Mr. Argue:

Q. Could we get any figures on the results of those weighovers? You say that they are completed now. Could we get the information supplementary to the information that we now have?—A. If you look in your annual report, pages 22, 23, 24 and 25, you will get all the results of all the elevators, and again on pages 26, 27 and 28 you get the whole picture as revealed by these weighovers in respect of the different houses and the grades weighed and so on.

Q. What was the total overage for this period?—A. I do not know that I have that. When the formula was applied there was nothing for us to take over except at the one house.

Q. You have the figures of the total?—A. Did you not get that?

Q. I got it as of February 18.—A. The ones I have spoken of were for the current year, not for the year we are examining.

Q. Then the overage for the terminal elevators was 383,000 bushels?—A. Something like that. I have not the figures in my hand.

Q. Of that amount, is only \$289 worth in excess of $\frac{1}{4}$ of 1 per cent?—No, not in excess of $\frac{1}{4}$ of 1 per cent. It was the balance left over after you have balanced the excesses against the shortages.

Q. For each company involved?—A. Yes, again I am not going to read it, but I will ask you to look at section 139 of the Act. That gives the formula by which that is worked out in subsections (2) and (3) of section 139.

Q. What is the effect of drying on overages?—A. If the moisture is dried off the grain, it would create a loss, I would imagine. I think that Mr. Milner explained that the other day, that those warehouse receipts are called in and new receipts issued for the amount of grain less the moisture taken off.

Q. What was the total quantity of grain lost through drying for this period by weight?

The CHAIRMAN: Are there any other questions while this information—

The WITNESS: I have it.

The CHAIRMAN: Sorry. The information is available.

The WITNESS: Mr. Argue asked this question, and it appears in Votes and Proceedings No. 47, page ii:

How many bushels of wheat in each grade from No. 1 Northern to Feed, both tough and damp, were artificially dried in the crop year 1952-53?

The answer is given.

Question No. 2 is:

What was the total gross weight of the above grain before drying?

The answer is given to that.

Question No. 3:

What were the total net bushels as shown by adjusted warehouse receipts after drying?

Mr. ARGUE: I do not think that I have that return. Could you give the figures?

The WITNESS: The whole answer?

Mr. CASTLEDEN: The totals.

The WITNESS: The answer to the first question:

<i>Grade</i>	<i>Bushels</i>
Tf. No. 1 Nor.	nil
Tf. No. 2 Nor.	nil
Tf. No. 3 Nor.	1,415,643
Tf. No. 4 Nor.	647,457
Tf. No. 5	274,442
Tf. No. 6	nil
Tf. Feed	nil
Tf. No. 3 Nor. Heating	34,990
Tf. No. 4 Nor. Heating	2,614
Tf. No. 5 Heating	4,202

The total of that column is 2,379,348.

Now, going on:

<i>Grade</i>	<i>Bushels</i>
Tf. No. 6 Heating	2,387
Damp No. 1 Nor.	nil
Damp No. 2 Nor.	7,345
Damp No. 3 Nor.	14,993
Damp No. 4 Nor.	32,243
Damp No. 5	57,117
Damp No. 6	30,375
Damp Feed	8,687
Damp No. 3 Nor. Heating	1,474

The total of that column dealing mostly with damp grades is 154,621.

The answer to your second question, "the total gross weight of the above grain before drying", was 152,038,140 pounds.

The answer to question No. 3, "What were the total net bushels as shown by adjusted warehouse receipts after drying?", was 2,478,909 bushels.

By Mr. Argue:

Q. What is the difference? As a matter of arithmetic, I wonder if it is there?—A. No, they have not worked it out here.

Q. Is that an overage in the neighbourhood of 100,000 bushels?—A. No.

Q. A shortage or difference?—A. That would indicate a loss of moisture to some extent, would it not?

Mr. MILNER: That would be the amount dried off.

The WITNESS: It is not worked out.

Mr. HLYNKA: Roughly 55,000 bushels. The first figure is pounds and the second bushels. You have to convert from pounds to bushels.

Mr. STRUDER: I notice that in table A-6 on page 28, in the entire list of overages and shortages disclosed by weighovers, in almost every instance there is a shortage at the terminals. What recuperative powers have you to offset the overages against the shortages? Is that recuperated from the country elevators?

The WITNESS: When they call the country elevators, will you ask them that question?

By Mr. Argue:

Q. Have you had any representations made to you that it would be better that the overages that are confiscated be paid into the Wheat Board funds rather than to Her Majesty?—A. I think that the farmers' union on one occasion suggested it.

Q. To you?—A. Yes.

Q. Can you say why it was paid to Her Majesty? Was it because when this provision was put into the Canada Grain Act there was no Wheat Board and they could not have done it any other way?—A. It is written in the Act, and that is the only means we have.

Q. How long has it been in the Act?—A. It was revised in 1930, I think. The consolidation of the Act—

Mr. VALLANCE: The Act you have is a consolidation. It has been in since 1930. There have been slight amendments to the Act.

Mr. ARGUE: Did the provision for turning the payment over to Her Majesty for those excessive overages get into the Act before 1930?

Mr. VALLANCE: I could not answer that, Mr. Argue, but it would be in the previous Act. It would set out whether it was or was not.

Mr. ARGUE: It seemed to me that there probably was not a Wheat Board at that time. I do not think there could have been.

Right Hon. Mr. HOWE: What year was this, when you say there was not a grain Board?

Mr. ARGUE: When the provision was first written into the Canada Grain Act.

Right Hon. Mr. HOWE: I am sure there was. I remember when it was written in. I cannot tell you the year, but I have been associated with the grain board since 1913, and it was written in after that.

Mr. ARGUE: You have been associated with—

Right Hon. Mr. HOWE: The Board of Grain Commissioners.

Mr. ARGUE: You misunderstand me. I am asking whether the provision was put in the Act before we had the Canadian Wheat Board.

Right Hon. Mr. HOWE: Oh, yes.

Mr. ARGUE: The provision was made in the Act that it be turned over to Her Majesty, because there probably was not a Wheat Board.

Right Hon. Mr. HOWE: That is right.

Mr. ARGUE: I am saying that I think it would be a better provision—it is not much money, but it might be at some time—to turn the excessive amount of money, which belongs to producers, over to the Wheat Board fund.

Mr. CASTLEDEN: With regard to the warehouse receipts which you receive after the drying process. You now have, let us say, a No. 3 straight grade instead of a No. 3 tough or damp. Would that show an overage and what restitution is made to the buyer or the grower?

Mr. MILNER: The grain is bought as damp in the country and shipped by the elevator company as damp to the terminal. There it is unloaded and the warehouse receipt is made out for damp grain. Subsequently the owner of the warehouse receipt will ask the terminal elevator to dry it and the grain is then dried under the formula which is set out in the Regulations, and the damp warehouse receipt is surrendered and a new warehouse receipt is issued for a straight grade with a lower number of bushels, of course.

Mr. CASTLEDEN: It is issued to the owner of the wheat?

Mr. MILNER: Yes.

Mr. CASTLEDEN: And if the owner was still the farmer?

Mr. MILNER: If the owner was still the farmer, but under present conditions he is not.

Mr. CASTLEDEN: Would these overages, including the overages caused by mixing—you said the other day that you sometimes mix a damp grade with a tough grade for a straight wheat?

Mr. MILNER: Not damp wheat, but tough wheat.

Mr. CASTLEDEN: Yes.

Mr. MILNER: I think that country overages would occur as the result of that.

Mr. CASTLEDEN: No. I want overages all the way through in the terminals as well; would they include overages in them by mixing of grain?

Mr. MILNER: No, I do not think so at all.

The CHAIRMAN: Are there any other questions?

Mr. ARGUE: With respect to the amount of shrinkage in bushels, would that result because of drying? Is it possible, is it even theoretically possible for an elevator company to deduct that from any overage which it may have? Elevator companies, let us say, bought $2\frac{1}{2}$ million bushels of tough and damp wheat and let us say the wheat was dried. My figures say—and they are approximately right—that some 60,000 bushels of wheat was driven off as water, and therefore there was a shortage created through artificial drying amounting to 60,000 bushels of wheat.

Mr. MILNER: That operation takes place in the terminal.

Mr. ARGUE: The operation takes place in the terminal, but is it possible, in the records of the terminal elevators to deduct the 60,000 bushels of wheat from the overage, or would they otherwise have 160,000?

Mr. MILNER: No, it is not possible.

The CHAIRMAN: Are there any other questions? Does the item carry? Carried. Now, "Assistant Commissioners".

The WITNESS: Perhaps Mr. Vallance would speak to this subject.

Mr. VALLANCE: Mr. Chairman, and gentlemen: Much that is in the report of the assistant commissioners has been discussed, but I think that in fairness to the assistant commissioners we should give some attention to it. Might I say before I read it that I think we have got to understand the position or the job of the assistant commissioners. I would like to put on the record that they take in the western division, that is, all of the country lying west of Port Arthur and Fort William. Now, in Manitoba there are 713 country elevators; in Saskatchewan there are 2,997; in Alberta there are 1,675; in British Columbia there are 16 and in Ontario there are 2; all in the western division. This points up the size of the task which the assistant commissioners have in inspecting all these elevators. And I think it is only fair to show the enormity of the job that they perform. Now I shall proceed to read what is in the report:

During 1953 the Province of Manitoba was without an Assistant Commissioner as Mr. John Rayner who served in this position was transferred to the Board's executive offices as Director of Administration for the Board.

Assistant Commissioner M. M. MacKinnon in Alberta and Assistant Commissioner A. G. McLean in Saskatchewan, were called upon to investigate an unprecedented number of complaints and explain or clarify various operations under the Canada Grain Act and the Board's Regulations.

In addition to investigating complaints, the Assistant Commissioners inspected country elevators by checking scales and seeing that other equipment and records were in good order. When licensees applied for authority to operate special annexes for warehousing of wheat under Order-in-Council P.C. 5122, the Assistant Commissioners investigated these storage facilities for conformity with requirements under this Order-in-Council. There was a large number of cases of infested or out of condition grain, or elevators and annexes in danger of collapse throughout Western Canada and the Board authorized out of turn cars to move the grain involved in these distress situations. However, to be assured of the genuineness of these cases, the Assistant Commissioners inspected the buildings or the infested or out of condition grain as far as possible before cars were authorized. During 1953, the Assistant Commissioner for Alberta inspected 1,244 country elevators, and the Assistant Commissioner for Saskatchewan inspected 328 country elevators.

In passing, you might expect, with the larger number of elevators in Saskatchewan, that Mr. McLean would inspect as many as Mr. MacKinnon. But the fact is that Mr. McLean was rather unfortunate last year and had to spend two months in Rochester. For that reason he did not do as much as he otherwise might have done.

If the Board was of the opinion that certain agents had consistent or excessive overages on country elevator operations and these agents had not been called to appear before the Board, the Assistant Commissioners interviewed them with a view to determining the cause of these overages. They were warned of the action which would be taken by the Board in cases of continued accumulation of excessive overages by them.

One hundred and forty-eight complaints were handled by Assistant Commissioners during 1953. Eight of these originated in Manitoba, 129 in Saskatchewan and eleven in Alberta. Mr. John Rayner, former Assistant Commissioner for Manitoba, assisted the Board in handling the Manitoba complaints. In addition, a large number of inquiries

respecting operation of the Car Order Book were dealt with, and where there were inequalities or complaints, suitable solutions were worked out and situations corrected. Car Order Book complaints originated chiefly in Saskatchewan.

I would suggest to the committee while dealing with this that they turn to Appendix A on page 19 and look at the complaints there. You will see the disposition of the complaints. I might read that as well.

Mr. BLACKMORE: Inadvertently, I think, Mr. Vallance omitted to read the third line from the bottom in that paragraph, I say that just for the record.

The CHAIRMAN: Yes.

Mr. BLACKMORE:

—and where there were inequalities or complaints, suitable solutions were worked out—

The CHAIRMAN: Yes. That is just to keep the record straight.

Mr. VALLANCE: That is right. Now, if you will turn to page 19 and Appendix A you will see the heading "Country Complaints" about the middle of the page which reads as follows:

During the year ended December 31, 1953, there were 148 country complaints investigated as against 141 the previous year. They dealt with handling of grain at country elevators, shipment from country elevators, irregularities in Car Order Book procedure, and other operations of licensees under the Canada Grain Act. Six complaints came from Manitoba, 110 from Saskatchewan, 9 from Alberta and 23 were carried over from the previous year.

After investigation by Assistant Commissioners or by the Board, these complaints were disposed of as follows:

No grounds for complaint	35
Settlement effected	39
Outside jurisdiction of Board	1
Licensee fined	27
Defendant warned	24
Complaint withdrawn	8
Not yet disposed of	14

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I might say here, while dealing with these complaints, not only is this done by the assistant commissioners, but we have in the head office in Winnipeg—I would suggest to this committee that there are few days which go by when one or two of the commissioners do not deal with complaints. We are so handy to the elevator companies that I sometimes summon them down because of some misdemeanor on the part of an elevator agent somewhere. So the complaints are not all really set out in here inasmuch as many of them are handled by the commissioners.

Mr. JOHNSON (*Kindersley*): I have some questions to ask on that. I think in view of the number of requests, the assistant commissioners would have to be very careful to make a complete enquiry into each case before they moved on to another case. Is that the general practice?

Mr. VALLANCE: That is right.

Mr. JOHNSON (*Kindersley*): Well, according to a report which I have in this particular instance they are not handling them in that way. An assistant

commissioner went to a point in Saskatchewan; he was really the Alberta commissioner; and apparently he drove up to the elevator company with an Alberta license on his car in the fashion of a Keystone Cop. But let me quote from the report—

Mr. VALLANCE: You say it was an assistant commissioner?

Mr. JOHNSTON (*Kindersley*): Yes. Let me quote from his report: "I did not contact any elevator men that day but I did hear all of them tell farmers who were calling, that they would be able to take in grain the next morning and the earlier they got there the better." How in heaven's name can a commissioner not contact an elevator man, and how would they know that he was not about when he was right there listening to them tell the farmers that they could take in grain. And further, this complaint, which was accompanied by affidavits from three individuals, only one of the individuals was contacted. In view of the matter which I brought up yesterday in connection with the taking of half a cent a bushel by the grain company for the use of a grain loader, I was assured by the commissioner that a prosecution would take place. The assistant commissioner asked the farmer to send his tickets to the Saskatoon office as evidence of the fact a charge was being made. I am quoting from the letter which I received from him: "I did so and now got word that it had been settled by the company to make repayment of these charges." Coming back to the report of the commissioners, here is another instance of an incomplete enquiry and I quote from the report: "Mr. P. Whisbeck, the Searle agent, advised that he is farming 300 acres at Tramping Lake, but his superintendent has no connection with this farming operation whatsoever. This is something which I do not think could be proven and perhaps is a loose statement."

On the evidence I was able to determine this first part of the statement is a generally accepted fact in the locality—and going on in the report I quote: "I could not find any place where there was any discrimination. It is my personal opinion that there is nothing in this situation that a short crop or a lot of box cars would not remedy".

The recommendation of the enquiry was: "In view of the above circumstances, I would recommend that the file be closed."

Mr. Chairman, here we have a very serious situation of deliveries being made at night and out of turn. And moreover, a certain elevator company was stealing half a cent a bushel from the farmer. The commissioner went in there and made an investigation of this very serious charge but no action was taken against the company. He recommends that the file be closed and hopes for a dry year.

Mr. VALLANCE: Mr. Johnson, I knew that file you were referring to as soon as you started. MacKinnon was sent into Tramping Lake. Have you got a complain in front of you. We have none of those files with us, but I well remember this case at Tramping Lake because of the overcharge item.

Mr. JOHNSON (*Kindersley*): Yes, an overcharge of half a cent, and also the fact that grain deliveries were being made at night and not in accordance with the Act, and there were complaints where an individual who to all intents and purposes was an agent of a company and who had a farm and had disposed of an amount of grain that could not be accounted for in the eyes of the farmers. One of the farmers signed an affidavit to that effect indicating or assuming that some of that grain was going into the elevator company in contravention of the Act.

Mr. VALLANCE: Will you tell me if there is anything which you know of that would prevent an agent from taking in grain in reasonable hours?

Mr. JOHNSON (*Kindersley*): You cannot tell me that one o'clock in the morning is a reasonable hour.

Mr. VALLANCE: I do not know. You must have discussed that very question with Mr. Mills when he was here. But as we view the Act, the phrase "reasonable hours" has never been determined; and it was pointed out that a farmer would be threshing grain maybe all night, and Mr. Mills when speaking of the employees of the wheat pools in Saskatchewan said he would like to have a definition of what is meant by "reasonable hours".

I have been in an elevator many many times when I was in McEwan's job and at midnight they were still taking in grain. You know they do that in the country from which you and I come.

Mr. JOHNSON (*Kindersley*): The important point is that I would interpret reasonable hours as being from 7 a.m. to 8 p.m., but the elevators took no grain in at that time. However, as soon as the darkness of night came, then truck load after truck load of grain was going into that elevator. Nevertheless, Mr. MacKinnon never bothered to find the individual who signed that affidavit.

Mr. VALLANCE: Your contention would be that when he closed the elevator at eight o'clock he had no business to open it again until the next morning?

Mr. JOHNSON (*Kindersley*): My contention is that if he is taking in grain at 2 a.m., he should be taking it in at reasonable hours of the day.

Mr. VALLANCE: It says, just "reasonable hours," not reasonable hours of the day.

Mr. JOHNSON (*Kindersley*): Do you think that an elevator should be open twenty-four hours a day?

Mr. VALLANCE: No, but it has not been defined for us what are "reasonable hours".

Mr. ARGUE: We do not expect to have an elevator company stay open at night and close in the daytime. You would not call that a reasonable practice, would you?

Mr. VALLANCE: You had better talk to the elevator companies, Mr. Chairman.

Mr. ARGUE: You are saying that reasonable hours have never been defined?

Mr. VALLANCE: That is right.

Mr. ARGUE: Very well. Mr. Johnson made the point that there was no room in the daytime but there was lots of room at night. I ask you this: would you think that reasonable hours for keeping an elevator open would be night hours, and then close it up in daytime?

Mr. VALLANCE: No, I certainly would not.

Mr. ARGUE: Well, that is the point.

Mr. WESELAKE: Is it not possible that cars might come in late in the afternoon?

Mr. VALLANCE: At any time.

Mr. JOHNSON (*Kindersley*): In this instance no cars had been received for some time. And in the second case elevators which have declared themselves to be full have been seen to be taking deliveries of the same grades of grain, and moreover, many of those elevators have taken it in the dark of night, but that was not investigated by your commissioner.

Mr. VALLANCE: I have not got the file here. I am sorry. I will have to accept your say-so of it because I could not do anything but accept it.

Mr. JOHNSON (*Kindersley*): And coupled with it is the disturbing feature that the file was closed and no mention was made of giving the overcharge back to the farmer, and no action was taken and no prosecution was made against the elevator company which was taking that one half cent a bushel for the use of a loader for the transfer to a detached annex.

Mr. VALLANCE: But you will admit that the farmer did get his half of one per cent.

Mr. JOHNSON (*Kindersley*): Oh yes, he was informed he would get it back but I am checking right now to see if he actually received it. Surely your board does not condone a crime.

Mr. VALLANCE: I do not think that anybody condones a crime.

Mr. JOHNSON (*Kindersley*): But no action was taken, no prosecution was made.

Mr. VALLANCE: I do not know what you want us to do with it now.

Mr. JOHNSON (*Kindersley*): I would like some assurance that nothing like this could happen again. And if this situation is allowed to pass by under investigation with no action being taken, then anything can happen.

Mr. MILNER: Could you give us that affidavit and the information? If you will do that, I will see to it that there is a prosecution launched.

Mr. JOHNSON (*Kindersley*): The original affidavit is in the hands of Mr. McLean.

Mr. MILNER: That is all I need to know. We will prosecute.

The CHAIRMAN: Are there any other questions?

Mr. JOHNSON (*Kindersley*): I have a few more questions, but I wonder if we might now call it one o'clock?

The CHAIRMAN: Very well, we will meet again at 3.30 this afternoon in this same room.

AFTERNOON SESSION

3.30 p.m.

The CHAIRMAN: Order. We now have a quorum. We disposed of "assistant commissioners" and I think the intention now is to go on to the car order book section.

Mr. JOHNSON (*Kindersley*): I am not sure; I was in the midst of my questioning at the noon adjournment.

Mr. D. G. McKenzie, Chief Commissioner, Board of Grain Commissioners, recalled:

Mr. JOHNSON (*Kindersley*): What action is normally taken against elevator companies that refuse to accept deliveries of grades of grain that are offered and still continue to take the grain of that same grade?

Mr. VALLANCE: You mean they refuse to take a particular farmers' grain?

Mr. JOHNSON (*Kindersley*): Yes.

Mr. VALLANCE: And take the same grade of grain as his was?

Mr. JOHNSON (*Kindersley*): That is right.

Mr. VALLANCE: In other words, they refuse one farmer and take the other?

Mr. JOHNSON (*Kindersley*): That is correct.

Mr. VALLANCE: Well, the action that we have here is taken under section 109; there are fines of \$75; section 110 of the Canada Grain Act, \$1,000; Regulation 18, \$935. We show the penalties and all the moneys that were collected during last year. Now, if you want them broken down—

Mr. JOHNSON (*Kindersley*): Which section of the Canada Grain Act would that action be taken under?

The WITNESS: 109.

Mr. JOHNSON (*Kindersley*): Further than that, I wonder just what qualifications a man must have to hope that a short crop would cure a situation such as that at a local marketing point? What qualifications has Mr. MacKinnon got to pass that type of judgment?

Mr. VALLANCE: I will say this to you, I do not know why Mr. MacKinnon made the statement in the report he gave to us. I suppose it was a personal opinion he had and as to the effect it would have you know just as well as I do what the effect would be. Why he should say it I have no answer to give you.

Mr. JOHNSON (*Kindersley*): It looks to me in this particular case that it borders on incompetence for a man to make that statement without checking the declarations on statements that were made. How insistent are the assistant commissioners in making an investigation to make certain that all the facts are brought to light?

Mr. VALLANCE: That is their instructions.

Mr. JOHNSON (*Kindersley*): They are instructed to investigate every case thoroughly?

Mr. VALLANCE: Let me point out to you, Mr. Johnson, that when a complaint comes in we send it out to the assistant commissioner in the province from which the complaint has been sent.

Mr. JOHNSON (*Kindersley*): Are those claims checked again by the commissioners?

Mr. VALLANCE: All we have is the report from the assistant commissioner.

Mr. JOHNSON (*Kindersley*): So you have complete confidence in him?

Mr. VALLANCE: Yes, if he was not competent we would not have him there.

Mr. JOHNSON (*Kindersley*): I might make that same suggestion in this particular case.

Mr. DECORE: I notice that in 1953 the assistant commissioners were called upon to investigate an unprecedented number of complaints. My first question is, what was the nature of those complaints?

Mr. VALLANCE: I think I gave them to you. You mean, what were the complaints about?

Mr. DECORE: Yes.

Mr. VALLANCE: There are lots of reasons.

Mr. DECORE: What were the complaints mostly?

Mr. VALLANCE: I think there was abuse of the regulations; I think that was the foundation of most of them.

Mr. DECORE: Were these made mostly by the producers?

Mr. VALLANCE: Oh, absolutely.

Mr. DECORE: I notice that out of the 148 complaints there were 129 in Saskatchewan, 11 in Alberta and 8 in Manitoba; have you any explanation for that?

Mr. VALLANCE: You can assess that just as much as I can.

The CHAIRMAN: Any other questions on that?

Mr. CASTLEDEN: I notice in inspections in 1953 there were 1,244 for country elevators in Alberta, 928 in Saskatchewan; what is the Manitoba figure?

The CHAIRMAN: There was no assistant commissioner there that year.

Mr. VALLANCE: I think that is a fact, that during 1953 in Manitoba we were without an assistant commissioner.

Mr. CASTLEDEN: Part of the time or all of the time?

Mr. VALLANCE: No one, after Mr. Rayner was there, was in a position to make investigations.

Mr. WESELAK: There were no inspections of the elevators made during that period in Manitoba.

Mr. CASTLEDEN: On page 76 of the report your committee gives a breakdown of the expenses. You have an assistant commissioner at Saskatoon at \$10,532; an assistant commissioner in Calgary at \$11,077, and an assistant commissioner in Winnipeg at \$6,124. If those amounts were paid I should imagine we would have inspection by the assistant commissioner in 1953. What is the explanation?

Mr. VALLANCE: Which division?

Mr. CASTLEDEN: All three of them. I am pointing out the inequalities and the differences and the number of inspections in Manitoba. You had an assistant commissioner there for six months?

Mr. MILNER: You will notice it is to the end of March.

Mr. CASTLEDEN: Yes, \$6,000 for part of that year, half of it probably, and \$10,000 for the one in Saskatoon and \$11,000 for the other in Calgary. I understand the inspections in Saskatoon were down because of the illness of the assistant commissioner but what part of the year did he work and how many inspections did he make?

Mr. RAYNER: There were no elevator inspections made by the assistant commissioner in 1953 in Manitoba. The figures down here cover the period of April, 1952, to the 31st of December, 1952. I took over my new position in early January of 1953, so the salary in the first three months in 1953 was for a secretary. My salary as assistant commissioner finished in December 1952.

Mr. CASTLEDEN: That is for your assistant in the office?

Mr. RAYNER: Yes.

Mr. CASTLEDEN: Did I understand you to say there were no inspections in Manitoba in 1953?

Mr. RAYNER: Yes.

Mr. CASTLEDEN: But the period given in your report of operating and administration expenses covers part of that same year?

Mr. RAYNER: Yes.

Mr. CASTLEDEN: Your fiscal year is from August 1 to July 31?

Mr. RAYNER: No, the crop year. Our fiscal year is the same as the government year.

Mr. CASTLEDEN: But the reports on your crop years are different?

Mr. RAYNER: Yes, all the elevators in Manitoba were inspected during the previous two years, 1951 and early in 1952. Every elevator was inspected in those two years. I inspected each one myself except for about twelve.

Mr. CASTLEDEN: It naturally occurs to us that if we have almost three times as many elevators in Saskatchewan as in Manitoba that you are overloading your assistant commissioner in Saskatchewan.

Mr. VALLANCE: I think that has been realized by the board, Mr. Castleden, but I think you are rather jealous of your provincial boundaries. We have been toying around with the idea of having two assistant commissioners in Saskatchewan, one in the southern part at Regina and one in the northern part at Saskatoon. As I pointed out, Mr. McLean has a tremendous responsibility there if he is going to inspect all those elevators, it cannot be done in one year, if he does it in three years he is lucky.

Mr. CASTLEDEN: His load is much heavier; he will of course have much further to travel and the elevators are not bunched the same in Saskatchewan.

Mr. VALLANCE: We did think we might take part of eastern Saskatchewan and put it into Manitoba, but we are met with provincial boundaries. The farmer in Saskatchewan feels that he wants to stay part of the Saskatchewan set-up of any organization. I do not think it would make a great deal of difference to us if the western provinces were divided in three.

Mr. CASTLEDEN: As far as your work is concerned it would be better to divide it three ways. Have you an assistant commissioner appointed for Manitoba?

Mr. VALLANCE: Yes, Mr. Fraser, he is on the job.

Mr. CASTLEDEN: Since when?

The WITNESS: About the end of January, I think.

Mr. CASTLEDEN: What are his qualifications; what is his background?

The WITNESS: He was with the Department of Agriculture in Manitoba as field representative and then went into the central office of agriculture. He is a graduate of agriculture.

Mr. CASTLEDEN: Good.

The CHAIRMAN: Mr. Bryson?

Mr. BRYSON: I wonder if Mr. McKenzie would care to tell us what is involved in the inspection of a country elevator?

The WITNESS: Well, there are two or three things they are supposed to do. Perhaps by referring to the notes here I could tell you quicker. In addition to investigating complaints assistant commissioners have other important duties to perform. Assistant commissioners endeavour to inspect all country elevators in their respective districts once in three years. Such inspection involves checking the scales, seeing that the sample boxes and records for special bin grain are in good order, that the required forms are kept in stock and such notices as required by the Canada Grain Act are posted in conspicuous places along with standards of quality and tariff charges and other guides to producers delivering grain to the country elevator. That is a brief summary of his duties.

Mr. BRYSON: The only reason I asked that was, it looks rather odd that one man could inspect 1,244 elevators in the one season and do all the other work. Certainly he must spend some time on the other jobs.

Mr. VALLANCE: I really think the answer to that is to get places where there are five, six and seven elevators and they do the elevators at every point. I can tell you now that there are 1,109 shipping points in Saskatchewan alone at which there are elevators. There are no station agents at some of them but there is an elevator in operation; you have that situation.

The WITNESS: May I draw your attention to clause 5 of the Act, the second paragraph, this is one of the difficulties in the way.

One of such assistant grain commissioners shall have his headquarters and offices in the province of Alberta; one in the province of Saskatchewan; one in the province of Manitoba and one in the eastern division or the city of Fort William or Port Arthur in the province of Ontario.

At the moment we have no assistant commissioner in Fort William because, frankly, we do not think there is a need for one.

Mr. CASTLEDEN: But that does not limit their activities to the province?

The WITNESS: No, we will use them elsewhere. We were discussing one of those cases this morning. We have sent out help to assistant commissioners on many occasions.

Mr. BRYSON: I do not pursue the matter at all, but it looks like a lot of work if he is going to do a job.

The CHAIRMAN: Gentlemen, I apologize for breaking in at this point, but I must decide when our next meeting will be as I have to reserve the room. Now, this is Thursday and as you know we have had the brief of the Farmers' Union before us for a week and they are very anxious to be heard. I was about to suggest that possibly we could meet this evening to hear the Farmers' Union presentation and then adjourn until Monday or Tuesday. I realize this has been a very heavy day but, on the other hand, tomorrow morning it would be very difficult to get a room. So possibly as a compromise we could come back at 8.30 and just hear and question the Farmers' Union and free them this week.

Mr. DECORE: I think that is a good suggestion.

The CHAIRMAN: And adjourn to the next week.

Mr. ARGUE: Is that the wish of the Farmers' Union?

The CHAIRMAN: Yes, it is at their request, as a matter of fact, and I am passing the suggestion on to you.

Mr. CHARLTON: Could the delegation tonight complete their brief?

The CHAIRMAN: I think so.

Mr. CHARLTON: They are perfectly satisfied to meet tonight instead of tomorrow morning?

Mr. POMMER: Then you would meet Tuesday at 11 o'clock?

The CHAIRMAN: Either Monday or Tuesday, probably we will try to have a meeting on Monday, but whether it will be in the morning or afternoon I do not know. That is agreed, then, we will come back here this evening at 8.30. We might try to get the railway committee room for tonight.

Mr. POMMER: I think the railway committee room is too large and the acoustics are not good, that is my complaint. Personally I do not hear very well there.

Mr. ARGUE: It is up to the members, I prefer it.

The CHAIRMAN: It will probably be here. It would be difficult to get word around to everybody that we have changed rooms. For tonight let us agree to come back here at 8.30. Now we can get back to our discussion.

Mr. ARGUE: As Mr. Rayner has been an assistant commissioner, I wonder if he might tell us how long it usually takes to make an inspection of a country elevator. We have heard what is involved in making an inspection and I wonder if he could tell us how much work is involved.

Mr. RAYNER: In inspecting country elevators you follow a certain route and you realize from experience how many you can do in a day. I have found from experience that you can do between six to ten or twelve elevators, depending on how close they are. If you go to three points with one elevator in each, that may take the whole morning. You get there at 9.00 o'clock in the morning, you walk into the elevator, find the elevator agent, you introduce yourself to the elevator agent, and my procedure was this: you walk in the driveway of the elevator and that is where the regulations are posted. The first thing I look for are the regulations of the board. It is laid down in the procedure for country elevators that the board's regulations be posted in the driveway in the elevator so that they can be read. Then I examine the bin plan, the regulations of the board say they should be a certain size. I then discuss with the agent what is in the elevator by the record shown on the bin plan. I also walk over, test the scale, see it is in balance, and also see if the platform is working freely by stepping on it. Then you inspect the hopper scale where the grain is weighed that is being delivered to cars. I note at

that time if the latest seal is placed on the scales by the inspector of weights and measures department. They have a different coloured seal for each year so you can tell whether it has been inspected in that year. If it has not been inspected in that year you ask the elevator agent when he expects him around. Then I look at sample boxes; the board's regulations require that there shall be sample boxes and that a cabinet or cupboard shall be provided for these boxes and also that the cabinet can be locked up. There must be a lock on the cabinet and there must be provision on the sample boxes so they can be locked. You examine that.

Then, having completed the inspection of the driveway you go into his office and ask to see his books of tickets. Some years ago the form of tickets was changed in style and small details, but the board allowed the elevator agents to use up their old stocks of tickets. Those are all pretty well used up now but the assistant commissioner checks to see if they are using the modern tickets.

Then I check the shrinkage that has been deducted. You can see this from a copy of the tickets that have been issued and check the shrinkage allowance against the table to see if they are taking the proper shrinkage.

The assistant commissioner carries with him a record of all the agents who have poor records with regard to overages and if they are bad you discuss the overage and if it is one of the serious cases you point out the danger he is in if he continues to have overages and ask him what explanation he has in regard to overages. I ask them, "Did you get the outturn weights of all the cars you shipped?" and in many cases they do get these weights from the companies but in some cases the agents are not informed and I suggest to these agents that they ask the companies for the outturn weights so they can see from time to time how their weights are checking out. In my opinion that would give them some idea to check their own work to see if there is a tendency for overages. I think that covers fairly generally the procedure an assistant commissioner follows. I would say that the most you can do properly would be six on a busy morning if they were at points close together. I have done up to twelve in a day and sometimes I have worked in the evening. In the summer you can go around until 8.00 o'clock, and I have done up to fifteen elevators.

Mr. MANG: Will the witness say whether he checks on the dockage machine?

Mr. RAYNER: Yes, you also see the elevator is equipped with sieves as laid down by the board and also the moisture testing machine.

Mr. ARGUE: It sounds like a pretty important work that has been described to us and I am sure it is work which is very essential and has to be done carefully; and it should be that the man who is making the inspection has sufficient time to do a reasonably good job. Would you tell me, from your experience, how many elevators may be considered a fairly good year's work in which you have had ample time to carefully do all the work that you have to do and handle the complaints that are coming in? I am thinking that if there is too much work for the number of men involved something should be done. I do not know how you can do it all, I am sure.

Mr. RAYNER: I would say in the province of Manitoba today between 500 and 600 a year probably is the maximum. When I first started as assistant commissioner I was very keen to get around all the elevators as quickly as I could in the first year and I did nearly 500 and I think nearly 500 the second year. So in those two years I had seen every elevator, one or two of them I had seen twice or three times. You must remember that during the time I was assistant commissioner it was in the fall of 1951, and I was also acting as

Mr. Milner's transport representative in Winnipeg. I think among other duties an assistant commissioner would properly do 600 a year but, of course, a man in Saskatchewan who has 2,000 facing him will tend to get around fast and not spend as much time.

Mr. ARGUE: I am glad to know that in your opinion 600 elevators a year would be pretty good going. That would be a fair figure for a reasonable man to do. The law requires what, one inspection in three years?

Mr. RAYNER: There is nothing laid down by law.

Mr. ARGUE: Well, you think a man should be able to look after about 600, is that a fair number?

Mr. RAYNER: Yes, but it depends on weather and roads. They may step up to 800, but from my experience 600 is plenty.

Mr. ARGUE: There are about 5,000 elevator houses in western Canada?

Mr. VALLANCE: 5,404, I think.

Mr. ARGUE: 5,400, yes, that would make a total number of men that you would need for the kind of a job that you want around eight, in order to do the right type of work. Perhaps it is not on this point, but I noticed a surplus of revenue here.

Mr. RAYNER: I say 600, you can do that, one man in a year.

Mr. ARGUE: I am not trying to put you on the spot, I am just asking for information for the committee. This looks like a job that is almost impossible for any man. I certainly would not want to try any job like that. You think six or eight men could do a reasonably adequate job on this inspection and since there is a surplus, this might be a good place to spend some additional money. When you go into these elevators, in your experience, what do you usually find wrong?

Mr. RAYNER: You will find old regulations that have not been replaced by the new regulations. You usually ask, "Have you not got the new regulations?" And they will say, "Oh, yes, I got them a month ago but I have not put it out yet." I say to them, "You know what the regulation is?" And he usually gets it and puts it up while you are there. One other point I did not mention, the assistant commissioner must also ensure that the licence to operate the elevator is posted in the elevator. You sometimes find the current year's licence is not posted and you ask the agent if he has got this year's licence and they usually tell you they were too busy and go to a drawer in their desk and pull it out and you will see that he posts it up. One of the main troubles is you find they do not pull down the old notices or licences and this should be done because if the notices are all over the driveway of the elevator no one is going to read them; if you just have half a dozen, people will read them.

Mr. ARGUE: Do you usually find the licence on the scales in order?

Mr. RAYNER: Yes, there is very little trouble with that. You occasionally find that the weights and measures man has been around and put a tag on saying the scale has been rejected; that means the scales cannot be used. When you ask the agent about it he will tell you that he has got in touch with his company and they are getting a repair crew to come out and fix the scales.

The CHAIRMAN: Any more questions?

Carried.

Then, we will go on to the car order book. Since the transport controller is going to deal with that when we deal with the top paragraph on page 16, the title of which is "Transport Controller," as part of that, and also lake

freight rates, that is all part of it and we might as well deal with those three together, car order book, lake freight rates and transport controller. Mr. Milner?

Mr. MILNER:

CAR ORDER BOOK

Car Order Book procedure is established under sections 61 to 76 of the Canada Grain Act but section 20 (k) of the Canadian Wheat Board Act authorizes the Wheat Board to provide for the allocation of cars other than those placed pursuant to the Car Order Book. The Transport Controller, by an order issued September 16, 1952, and re-issued October 2, 1953, provided that applications for cars in the Car Order Book would be passed over temporarily and not cancelled if an applicant could not ship grain due to Canadian Wheat Board restrictions; then cars would be supplied on these passed over applications in the proper order as soon as restrictions were changed.

On October 19, 1953, the Transport Controller after consultation with, and the approval of, the Canadian Wheat Board and the Board of Grain Commissioners, issued instructions to all railway companies in Western Canada by authority granted him under the Emergency Powers Act, to discontinue the operation of the Car Order Book. This action was necessary to give preference to and confine shipments of grain to certain grades and kinds of grain to suit requirements of the Canadian Wheat Board commitments. On instructions from the Transport Controller dated December 3, 1953, restrictions on the operation of the Car Order Book were cancelled effective December 14, 1953. Unfilled applications outstanding at October 19, 1953, were honoured and new applications were permitted on and after December 14, 1953.

Mr. BRYSON: Could I ask a question?

The CHAIRMAN: Yes.

Mr. BRYSON: You set out very clearly, Mr. Milner, the reason for the suspension of the car order book in the particular period. Now, can you tell us how many points in each of the three prairie provinces, that is, points where the car order book was in effect?

Mr. MILNER: No, I cannot, I have no record of that.

Mr. BRYSON: You have no record of that?

Mr. MILNER: No, I have not.

Mr. ARGUE: The Board of Grain Commissioners would have it.

Mr. VALLANCE: No, the railways have it.

Mr. CASTLEDEN: You said the action of discontinuing the car order book was necessary to give preference to and confine shipments of grain to certain grades and kinds of grain to suit requirements of the Wheat Board commitments. How would that concentrate your grain in a certain area such as you say? Could you give us an example of this kind of thing?

Mr. MILNER: Yes. You are referring to the order which I issued on October 19?

Mr. CASTLEDEN: Yes.

Mr. MILNER: What happened was this: on that date we had a very great deal of 2 northern wheat in store at the lakehead and the orders on the car

order book were largely 2 northern wheat but the kind of grain we needed at the lakehead was not 2 northern wheat. At that time in the period September 19 to October 19, shipments from the lakehead were as follows:

Wheat	12,879
Oats	11,537
Barley	12,294
Rye	1,843
Flax	730
	<hr/>
	39,283
	<hr/>

Shipments from country points to the Lakehead, September 19th to October 19th:

Wheat—8,048 cars; Coarse Grains—12,453 cars.

On October 19th every elevator east of Fort William was filled to capacity and there were twenty-four, (24) lake vessels awaiting to unload at Bay Ports and transfer houses.

At Montreal twenty-four (24) canal vessels were waiting to unload and over a million bushels in railway cars at or en route Montreal.

Between September 19th and October 19th, out of a total of 8,758 cars of wheat inspected at Winnipeg, 3,377 were Two Northern. There was more Two Northern Wheat east of Fort William than was required to meet all Wheat Board sales to the close of navigation.

Stocks of Two Northern Wheat east of Winnipeg were as follows:

Lakehead	9,705,151
Bay Ports	18,779,212
Lower Lakes and Upper St. Lawrence	7,466,262
Lower St. Lawrence	6,247,182
Atlantic Seaboard	3,279,744

To have continued unloading Two Northern Wheat at Lakehead Terminals would have completely tied up the grain movement. Oats and Barley would move out as fast as they were unloaded and it was necessary to get these grains in forward position, also Durums and other grades, to meet Wheat Board commitments.

Mr. ARGUE: When you took the car order book away did you know at that time how much was on the car order book?

Mr. MILNER: I knew from the fact that the great bulk of shipments coming down were No. 2 northern wheat.

Mr. ARGUE: You knew the percentage of cars coming in your car order book, is that what you are telling us?

Mr. MILNER: I say the big volume of wheat coming down was 2 northern wheat, there was too much and there was very little coarse grain on the car order books. After consultation with the Wheat Board and ascertaining that to meet their commitments they wanted to move coarse grains and not 2 northern wheat, the car order book was cancelled.

Mr. ARGUE: Would not the number of points on the car order book affect very largely the quantity of 2 northern wheat that was coming? They could have cancelled a quantity of 2 northern wheat coming from points where there was no car order book.

Mr. MILNER: You know the date it was cancelled, we were getting fairly close to the close of navigation. I could not take time to find out how many cars there were of this and that, in the meantime farmers would have lost the export market for their coarse grains.

Mr. ARGUE: This did not happen all at once?

Mr. MILNER: I suggested doing it somewhat previous to that, but the Wheat Board did not want to.

Mr. ARGUE: When you decided to do this did you have any consultation with the producers' organization?

Mr. MILNER: No, nor with the grain companies.

Mr. ARGUE: Is it not a fact that the wheat pool companies protested this?

Mr. MILNER: One wheat pool did.

Mr. ARGUE: The others did not. The Saskatchewan Wheat Pool did?

Mr. MILNER: Yes.

Mr. ARGUE: What do you think of the car order book at the moment?

Mr. MILNER: As everyone knows, the car order book does not amount to much on account of the fact that grain has to be taken from these points where they have the type of grain for Wheat Board commitments, so it is passed over and passed over and passed over.

Mr. ARGUE: Is the book passed over now?

Mr. MILNER: It is, yes.

Mr. CASTLEDEN: Could not the same results be obtained by putting an embargo on No. 2 wheat?

Mr. MILNER: It was decided by the Wheat Board they could not meet the commitments in any other way than the cancellation of the car order book. I thought that was the sensible thing to do and I still think it was.

Mr. ARGUE: Did you have some conversation with the Saskatchewan Wheat Pool afterwards in that connection?

Mr. MILNER: In a general way.

Mr. ARGUE: At a convention?

Mr. MILNER: Oh, yes, I addressed the Wheat Pool convention.

Mr. ARGUE: And there were questions there about it?

Mr. MILNER: Yes, and answers.

Mr. ARGUE: And the wheat pool was still opposed to the suspension of the car order book after these conversations?

Mr. MILNER: I think they were not quite as opposed to it as before. They did not state they had changed their minds.

Mr. ARGUE: The Saskatchewan Wheat Pool at no time agreed that the car order book cancellation was a good idea?

Mr. MILNER: No, they said it was not a good idea at the time.

Mr. ZAPLITNY: I notice on the 14th of December, 1953, that restriction was cancelled?

Mr. MILNER: That was cancelled as soon as the Wheat Board told me they had all their requirements and they believed they could get along with the car order book in operation. I told the Saskatchewan pool that as soon as the Wheat Board told me they could get their requirements with the reinstatement of the car order book it would be reinstated.

Mr. ZAPLITNY: And the decision to change that order or lift that restriction was based on what happened between the 19th of October and the 14th of December?

Mr. MILNER: Yes.

Mr. ZAPLITNY: Based on the conditions?

Mr. MILNER: Yes.

Mr. HARKNESS: How many orders have you issued under the authority of the Emergency Powers Act given with regard to the shipments or location of box cars or anything like that?

Mr. MILNER: Well, I have issued only the one order that was published in the Gazette which I presume is what they call an official order and that was issued at the request of one vessel company when they found they could not use their vessels for the transportation of Canadian ore from Steep Rock to Cleveland because we needed the boats in our trade. I told them they would have to run in our trade rather than taking the ore to places down there. They said that inasmuch as they had a contract they would like to have a specific order instructing them that they were not to complete the contract so I said to them, "Get your lawyer to draw up an order and if I like the look of it I will sign it," and I did and I signed it.

Mr. HARKNESS: So you have issued only the one official order and in effect your work carrying on as transport controller has been a matter of suggestions to shipment companies, cooperation with them?

Mr. MILNER: I am backing into this a little, I had intended, if it is the wish of the committee, to pass around to you a statement which I have on my desk to show you the records I keep and the way I try to run this thing. The sheet I am showing you is the situation as it was on the 1st of October, 1953. I did not pick that date for any reason other than it was in the present crop year and we had Churchill still in operation, which made it a little more interesting.

Mr. JOHNSON (*Kindersley*): Could I ask Mr. Milner just how he operates as transport controller? Do you get your requirements from the Canadian Wheat Board as to the amount and quality of grain and do you in turn turn them over to the railway companies to allocate among the different companies?

Mr. MILNER: No, that was explained to you by the Wheat Board.

Mr. JOHNSON (*Kindersley*): They referred us to you.

Mr. MILNER: They already explained that but I will go through it again if you wish. What happens is, if the Wheat Board wants to move a certain grade of wheat they issue instructions to the elevator companies who have that wheat in their elevators according to the Wheat Board records and those companies themselves allocate the cars to the stations where they want to ship from. If you will just bear with me a minute I think it will all come out when I tell you what my duties are.

First of all I would like to say as far as the appointment of transport controller is concerned, that late in the summer of 1951 the Right Hon. Mr. Howe, the Minister of Trade and Commerce, advised our board that the government had given consideration to the appointment of a transport controller on account of the unprecedented demand for lake tonnage. He further asked our board if I could take over these added duties. The other two members of our board agreed and with some considerable reluctance and after consultation with the Minister of Transport I accepted the duties of transport controller.

At the time of my appointment I stated publicly that I would approach this transportation problem with the knowledge that vessel owners and railway companies know their business better than any outsider. I believe that the full use of technical skill peculiar to the efficient operation of transport companies should not be interfered with and I would do my utmost to obviate the necessity of the issuance of orders.

I was appointed transport controller on September 1, 1951, and on that date at 11.00 o'clock in the morning by prior arrangement I had a meeting convened at Ottawa of the two vice-presidents of the railways, their general superintendents and the Canadian Wheat Board. At that meeting we discussed certain problems that we had at the time. A few days later I had a meeting with the vessel owners. They met me in my office in Ottawa and I discussed also with them the problems which we were facing as far as movement of commodities was concerned. I had assurances at these meetings from all those parties, the railways, the vessel men, the Canadian Wheat Board, that I would certainly have their cooperation. I would like to say now that I have had the fullest cooperation from the railways, vessel men and the Canadian Wheat Board in the movement of this grain. I would not like to leave you with the impression that we did not have differences of opinion because at times we had arguments that were warm but we were able to resolve our differences without using the very wide powers that are available to me under the order in council.

My efforts have been devoted to the co-ordination of rail and vessel movements and the best use of terminal storage facilities to the end that grain would be available at ocean ports to meet the commitments of the Canadian Wheat Board and other shippers. I shall not say anything with respect to the volume moved, as it has already been commented on by the Canadian Wheat Board in its presentation to you. All commitments were met as vessels presented for loads and I do not know of any demurrage having been paid to vessels due to lack of transportation facilities. Grain handling records have been established for export movement and we have not had a single complaint from eastern domestic users of grain after the first winter's operation of our control over the movement.

I have distributed now to you a form which is on my desk every day and which we compile in our own office. If you go down the first column with me where it shows the Pacific, you will see the capacity at 15 million bushels. On this date, the 1st of October, 1953, we had 11,151,000 bushels of wheat and 2,190,000 bushels of coarse grain. Vessel clearance was 883,000 bushels. We cleared since the 1st of August 21,161,000 bushels. We had vessels loading 1,017,000 bushels, and the arrivals for the next seven days were 2,887,000 bushels. We had unloads of 347 cars and we had on track a total of 1,466 cars; and in transit 2,501 cars. And now, if you look at the situation you will note that there were arrivals in the next seven days plus vessels loading amounted to 3,900,000. The lakehead figures are compiled similarly but I do not think it is necessary to go over them. The statement speaks for itself. I would draw your attention to the method whereby I have watched these movements. From the time I made up this sheet I have only changed one column in it. You will see that this sheet contains quite a bit of information. Down in the very centre you can see "Export ex bay ports, cars loaded, C.P.R., C.N.R.," and it also shows the amounts for last year.

Mr. Johnson asked a question with respect to how the orders are given as far as country shipments are concerned. I will tell you a little more about this movement first. The information I have with respect to the cars and the information I have with respect to the arrivals within the next seven days I daily receive from ocean vessel brokers and the ocean vessel companies themselves, because we have been able to give them a very great deal of help in their clearances and quick loading of their vessels at these ports. I think I get a report on the chartering of the vessel before anybody else in the country. I know I have known about vessels that have been taken before the shippers themselves know, and I know the names of the vessels and then we can go ahead with the movement. I instruct the railways to increase or

decrease their shipments as the case requires. I like to see that we have about three times the number of cars on track at terminal points; that is three times the daily unload figures is about the best way to keep it. It is not always necessary to have that many —depending on boats chartered.

Now we get down to the lake boats. I receive a statement every day of the location of each one of the lake boats, what they are hauling and where they are, so I know where the entire lake fleet is at all times. In addition to the movement of wheat I am responsible for the movement of about 6 million tons of ore, about 14 million tons of coal, 800,000 tons of limestone and various quantities of pulpwood.

There has never been at any time a diversion of vessels or rail away from grain to the detriment of the grain or the grain movement in all that time. I have been able to wiggle around and get the ore in but there has never been a diversion away from grain. I have taken vessels out of the ore trade when they were required in the grain trade and put them in ore when we get behind in the ore trade, but not until I saw a clear picture ahead of me with respect to grain.

We come to the country operations. Country operations as far as the transport control is concerned amount to this. If we were in an open shipping period, such as we have had at times, all I do in that case is to see that sufficient cars are placed in the west. There have never been less than 50,000 box cars in western Canada since I took over. The amount has usually been 52,000. A fact which you might perhaps be interested in is this: If you take the number of box cars under load and multiply it by three, you arrive at about the number of cars that are in the grain movement at that time, so if you have 10,000 box cars under load, 30,000 box cars are in the west in the grain movement. There is a statement which is issued by the Canadian Wheat Board which is given to the railways every eight or ten days, depending upon the necessity at the time. On that statement is listed every point in western Canada, the number of stations, the number of elevators, the total working capacity, the total stocks of all grains, the space available, the balance deliverable on the quota, the number of cars required to finish off the quota, and the number of cars required to complete the maximum quota which is in effect in the station.

There are some interesting figures in connection with this over-all picture between the railways. C.N.R. has 956 stations; C.P.R. has 1,011; N.A.R., 66; and there are 50 places where both C.P.R. and C.N.R. meet. On the C.N.R. lines there are 2,244 country elevators; on the C.P.R. lines, 2,767 country elevators; on the N.A.R., 184; and at those points where there are both railways, 170. The total working capacity of the elevators on the C.N.R. lines is 122,845,000 bushels; on the C.P.R. lines, 158,344,000 bushels; on the N.A.R. lines, 14,296,000 bushels; and at those points where both C.P.R. and C.N.R. are located, 10,573,000 bushels. I could give you the total stocks on those lines and the space available if it would be of interest, but I think that those figures are sufficient. I can tell you how many cars are required to complete the five-bushel quota. Perhaps you would be interested in that, and I am too. On the C.N.R., 6,776 cars are required to complete the five-bushel quota; on the C.P.R., 8,279 cars are required to complete the five-bushel quota; on the N.A.R., 23 cars are required to complete the five-bushel quota; at those points where both C.P.R. and C.N.R. are located, 198 cars are required. A total of 15,276 cars is required to meet the five-bushel quota over all the lines in the west as at April 30.

Mr. ARGUE: What would the total quantity of wheat be?

Mr. MILNER: Multiply by 1,850.

Mr. ARGUE: That is what, 30 million? You do not have that?

Mr. MILNER: Yes, I will give it to you. Yes, roughly 30 million.

Mr. CASTLEDEN: Most of it in Saskatchewan?

Mr. MILNER: Yes, the worst section is in the Regina area. The Regina division of the C.N.R. requires 2,754 cars as of April 30; C.P.R. in the Regina division on the same date, 3,098 cars, to complete the five-bushel quota. This week, if I can get out of here, or early next week, we will put out orders for about 10,000 box cars in western Canada.

Mr. ARGUE: Giving out an order for 10,000 cars, shall we say, do you suggest to them how many might go to a Regina point?

Mr. MILNER: No, the Wheat Board has, since I came down here, been working on a statement for the railways of those points which require to move the grain.

Mr. CASTLEDEN: You have to wait for orders from the Wheat Board anyway?

Mr. MILNER: Yes, but if they did not give me any, I would move it anyway. We cannot stand still. If I thought we had space I would move it.

Mr. ARGUE: When you need a given quantity or grade of grain, and let us say you decided that a certain number of cars were necessary to haul that grain out of Saskatchewan, shall we say, last fall or this winter or any time, do you make any suggestion to the railroads as to how they apportion those cars among the divisional points?

Mr. MILNER: By subdivisions?

Mr. ARGUE: Or divisional points?

Mr. MILNER: It is done in this way. I told you that the Wheat Board makes up this statement. You can look at it if you want to. On this statement it lists every station and shows the requirements. These are made up in sufficient numbers to go to both railways, to the divisional superintendents in the railways. They are made up at the Wheat Board. I instruct the railways that they will follow these lists in so far as possible in the distribution of the cars. That is my order to the railways.

Mr. ARGUE: Can you repeat that?

Mr. MILNER: I do not ask them, I tell them.

Mr. CASTLEDEN: As far as possible.

Mr. MILNER: That is all you can do, but it has worked out very well. Did you ask some other question?

Mr. ARGUE: You ask the railroads to do what?

Mr. MILNER: To follow these lists in the placing of cars; to place them in those stations where the car requirements shown on this list are the greatest.

Mr. ARGUE: Do you then see if the railway companies do what you have instructed them to do? I see by information I have been given that you failed to do so at the Regina divisional points and therefore they need some more attention.

Mr. MILNER: The railways will tell you that I have certainly spoken to them about that. When the order goes out and I notice that the order has not been completed as has been instructed, naturally I take steps to see that it is done.

Mr. ARGUE: You do not—

Mr. MILNER: I do not ride the train. That is about all.

Mr. ARGUE: You do not tell the C.P.R. to spot so many cars in the Regina divisional area?

Mr. MILNER: No, I do not. They have to work from these sheets. Unless I see what the Regina division particularly wants—I will give an example. A short time ago I did not know what was going to happen as far as the west coast business was concerned. We were getting to a point where I did not know whether we could continue to ship in the volume that we were. I called the Wheat Board, having looked over this sheet, and said that, consideration might be given to placing cars on the Regina division on both roads. I said that I realized it was against the freight rate, but I thought it should be done because those people had had a bad break with respect to the five-bushel quota. That was done. Those cars went in there in quite good volume and continue to go in there in spite of the back haul.

Mr. JOHNSON (*Kindersley*): Do you have any jurisdiction over the railway companies as to the way they allocate cars within their divisions? I am thinking of points at the end of a division.

Mr. MILNER: You want to know why, if A wants more cars than B they will pass over A and give them to B.

Mr. JOHNSON (*Kindersley*): They did it once. Could you say that there would be no more go in there until they clean up this other point?

Mr. MILNER: We would have to have as big an organization as the railways to do as close checking as that. I watch it carefully myself, but there are excellent men in the Wheat Board, Mr. Robbins and Mr. McGregor, who do practically nothing else but watch that feature.

Mr. BRYSON: Have you encountered what I would call a racket in this? What I have in mind is this. We have enough unemployment on the railroads now. What are you going to do about the tail-end brake? When asked for a car he says, "Sure, I will get you a car tomorrow morning." He gets the car. The name is on the order book, but he is not entitled to it.

Mr. MILNER: I think you will find that as long as human beings are human beings if you like a fellow better than somebody else he will get a car. Such things are not widespread enough to affect the proper distribution.

Mr. BRYSON: But that is going on.

Mr. MANG: Is there any special explanation of why we are a little short in the Regina area?

Mr. MILNER: The reason was that we had a movement westbound, which was a good movement out of Alberta. Regina just sat in the wrong place. That was the matter with it, and the wheat that they have there is mostly No. 2 Northern wheat. We do not want to move No. 2 Northern wheat. We have 66 million bushels in Fort William and east of there. We have to move whatever grades the Wheat Board can sell. I could plug Fort William in two days, so you could not move any other grade if I continued to move No. 2 Northern wheat.

Mr. ARGUE: I believe you had representations in regard to Minton, Saskatchewan. According to the *Leader-Post* of two or three weeks ago, farmers waited up to four months to get one box car for their wheat at a given elevator.

Mr. MILNER: Yes, I have had three of those pictures sent me.

Mr. ARGUE: I am surprised it is not more than that.

Mr. MILNER: I can assure you that I do not fail to get told about them. I will say something else. Minton requires 31 cars to complete the five-bushel quota as of April 30.

Mr. STUDER: They are better off than we are.

Mr. ARGUE: What happened a month ago, shall we say? Can you tell me if Minton got a big batch of cars as a result of this publicity in the last few weeks? I think it would be only fair if they did. They certainly needed it.

Mr. MILNER: We will go down the list. At Minton they need 32 cars to complete; at Ratcliffe 24; at Lake Alma 27. So that looks like a bad spot. I will bet that is No. 2 wheat again.

Mr. ARGUE: That is the predominating grade.

Mr. MILNER: On this order that has gone from the Wheat Board, the companies have them now and are getting them out to their men. I will tell the railways, and I want to be there when it is put out, because I want to see a decent distribution of it, at least better than it was last time.

Mr. MANG: Is there any possibility of grain being taken in as No. 3 Northern when they know it is No. 2 but they are anxious to get it off the ground? I might say to the elevator man, "I will give it to you as No. 3 if you will get it off." Is there a possibility of getting cars that way?

Mr. MILNER: No. But very often they ship wrong grades and it is only a natural thing for these elevator companies—we find out that elevator companies have shipped tough No. 2 Northern rejected and that sort of thing. They are all anxious to make room in their elevators and we have to ship a good deal more, probably 20 per cent, than our actual requirements, because we cannot keep them down.

Mr. CASTLEDEN: In view of what you told us about your restrictions and the demands from the Wheat Board for the kinds of grain that they want and the allocation of cars according to need, how do you reconcile that with what happened last July when suddenly places all over became wide open and there were all kinds of cars, and places like Regina became an open point? They shipped about a million bushels of wheat out in a very short time, and farmers took grain from 60 or 70 miles around and hauled it in.

Mr. MILNER: It was not only Regina; it was Lloydminster and other places. I did not catch it as quickly as I might. When I did, it stopped. That situation should not occur again.

Mr. CASTLEDEN: How on earth did they get the cars?

Mr. MILNER: All I did was to see that there were sufficient cars in the movement. That was at a time when there was an open shipping position, in the month of July.

Mr. CASTLEDEN: For a short time.

Mr. MILNER: In any case, what happened was this. It is natural for the railways to drop them off where they can put them easily. The stub lines are the hardest to get cars to.

Mr. STUDER: Could I belabor the local point a little? If the local point needs 10 cars to clear up its quota and 10 cars come to the local point, and if there are, say, four elevators there, who determines where the cars go?

Mr. MILNER: Much would depend on whether the Wheat Board has orders in there or whether it is a case where you can take out milling wheat.

Mr. STUDER: The thing that worried me, Mr. Milner, was in the presentation the other day by Mr. Mills, the president of the Saskatchewan wheat pool employees' association. He mentioned that under present conditions where there is no car order book in operation the decision as to which elevator cars are spotted lies in the hands of the agents of the railway companies. This is in effect a decision as to which elevator a farmer can deliver his grain to. Surely this is a situation that the farmer cannot be expected to condone, and is one that should be removed as soon as possible. That is the thing that is worrying the farmers at the local points. I can appreciate that effect.

Mr. MILNER: As I told you before, I am not going to get into the business of distributing cars at local points. That is too much of a job for me. As far as the distribution of cars between elevators at a local point is concerned,

that is a prerogative of the Wheat Board under their Act. The Board of Grain Commissioners as a board cannot do it except for cars under the car order book or out-of-condition grain or seed grain or for repairing elevators and so forth. That requires special orders.

Mr. STUDER: There is no organization in existence that has the authority to designate the local shipping point distribution?

Mr. MILNER: No.

Mr. ARGUE: Mr. Milner, you have sufficient power to do that.

Mr. MILNER: I have.

Mr. ARGUE: And the reason you are not doing it is that you do not wish to do it?

Mr. MILNER: I cannot do it and do the rest of the work, and I have not been instructed to do it by anybody. My position here, as I see it, was to ensure that all this grain—and I am proud of the record that was made, I think we moved record volumes and I doubt if you will ever see them moved again such as were moved in those two years. That job was done, and I was certainly very busy. I certainly did not have time to devote to anything else such as distribution of cars to local points under any consideration. I know what you are going to get around to. If you want to talk about some method of distribution of box cars, I spoke to the Alberta Wheat Pool representatives and explained to them something about what I had been doing as far as transportation is concerned. They asked me if I thought there was any more equitable way of distributing the cars than this, and they talked about delivery to an elevator of their choice, and so on. I said that the only system that I could think of that might be more equitable and that I thought had a chance of working would be to distribute on a car cycle based on the previous 10 years' pattern. I think that every large handler—and I am perfectly free to say it—I know that in the Alberta Grain Company we were ahead in many places, and I think there has been a slopover of business from the high handlers to those companies who did not get the business they had before. I do not think that that can be denied, but that is just from my own knowledge of the situation as it exists. But for the life of me I do not know how you are going to correct it as well as some people want it corrected. I remember, Mr. Argue, your phoning me when you introduced a bill, and what I said. I have heard others suggest one kind of method or another, but I am still of the opinion that the easiest way and the way that would cause the least trouble would be to work on a car cycle based on handling over, say, a ten-year period. I heard you say the other day that you did not like the rigidity of it. I do not like the rigidity of it either. I think you get to a certain point and that is as far as you can go. You have to stay static at that point until this general condition is dissipated. How long that will be is in the lap of the gods.

Mr. ARGUE: I think that that statement of Mr. Milner's is one of the most significant that we have heard on the distribution of box cars and the possible method of at least improving on the present method, of anything that we have heard yet from a person in authority. While I personally would support, as Mr. Milner knows, some other method in preference to this, I think nevertheless that that suggestion has in it considerable merit and the possibility of doing something that will at least assist in correcting a situation that you have told us you realize exists, and that is that there has been a spillover, as I think you put it, from the high handlers to the low handlers as a result of the congestion, and that is something that anybody fairly well acquainted with the situation knows.

Mr. MILNER: I doubt very much if you would get the low handlers to admit that that situation exists.

Mr. ARGUE: The producers will agree as farmers, because they can see it in their elevator points. On your suggested base period, I would not quarrel with the length of it being ten years as long as, in that ten-year period that you might take as a base period, each of those ten years was a period of non-congestion.

Mr. MILNER: Let me tell you my argument against that.

Mr. ARGUE: I do not think you know what I said yet.

Mr. MILNER: You said you wanted to go through periods that did not have congestion. You must decide to do away with the last four years, or three years anyway. Am I right so far?

Mr. ARGUE: I would think that is right.

Mr. MILNER: There is nothing you can do to turn back the clock three years in this business or any other business. Elevators have been remodelled in that three-year period. Agents that were not so good have been dismissed, and good agents put in. You would not expect these individual companies to turn back the clock to the positions that they were in prior to the last three years. They believe that they have benefited by the changes made.

Mr. ARGUE: But in the last ten-year period you have three years in which there was a very abnormal situation, and you can scarcely refer to that part of the period as a normal one. I think a far better base period would be the period that began sometime after 1942-43, when the congestion in that period had been removed and up to the point where congestion really commenced in this recent period. You would have a shorter period, but you would have a period in which there was not the same congestion.

Mr. MILNER: It is largely a matter of personal opinion. If you work it out, the difference actually does not amount to very much. If you take the figure you are talking about and you take the figure for the last ten years, you have a small percentage difference on any company that has had a big handling.

Mr. ARGUE: What about the Saskatchewan Wheat Pool?

Mr. MILNER: The Saskatchewan Wheat Pool, I imagine, would be 14 per cent.

Mr. ARGUE: Difference?

Mr. MILNER: Yes.

Mr. ARGUE: You have worked that out and that is the difference?

Mr. MILNER: That would be my impression.

Mr. CASTLEDEN: Is that on the percentage of handling?

Mr. MILNER: Percentage of handling.

Mr. ARGUE: The current handlings would be much different? I heard you or somebody refer to the fact that Saskatchewan handlings were down to 43 per cent or something like that?

Mr. MILNER: That is right.

Mr. CASTLEDEN: It used to be 50 per cent?

Mr. MILNER: In 1946 or 1947. I did not think back so many years. Let me go on with what I was saying. I do not think that you will ever get general agreement among the trade to go back to any period where the advantage was all with one section of the trade, and to take that period and disregard the changes made in elevator facilities, personnel and so on. I do not think you would get it to work. I think they would buck. I do not think the government would put it in.

Mr. ARGUE: They will buck anyhow.

Mr. MILNER: Who will?

Mr. ARGUE: You say who?

Mr. MILNER: The trade, all the trade and the elevators.

Mr. ARGUE: Oh no.

Mr. MILNER: Who would not buck this?

Mr. ARGUE: The ones which will buck the ten year average, are the ones who will get a lower percentage of box cars under the formula, than under this one car to each formula.

Mr. MILNER: It is so much better, and if something of that nature was not put in, I cannot think of anything much better.

Mr. ARGUE: I suggest that a smaller period ending before the last two or three years which are abnormal might do something to correct it.

Mr. MILNER: When it averages out, it does not amount to a very great deal.

Mr. STUDER: Along that same point, I think everyone is trying to evolve a policy which will not place everyone in a strait jacket and we should evolve a policy whereby we do not place an elevator in a strait jacket. If we should evolve this for each period it will react favourably at some point and the opposite will be the case at other points. Isn't there a possibility of elevator companies providing a solution to this without the feeling that they are going to be put in a strait jacket? As we have said, we are not going to go back. If we have an advantage, we will not come back. But in the past it has been assumed that if one company had too great a percentage at any particular point, it began to worry; if there was an opposition elevator there; and when you get to the point where one elevator has 80 per cent, I know there is worry in the mind of a company and in the minds of individuals when that point was reached, because the opposition would devise ways and means of reducing the average that they are holding and this has been done. So it would seem to me that the companies have some responsibility in this country, and in a period of this kind I think they should accept some of that responsibility along with the government and with individuals and try to help the various departments in providing a service to the people of this country.

We have heard of points where the quota is announced and where the farmers get together and have a meeting and allot a certain quantity, be it one or two bushels, to every farmer in the area and we appreciate that kind of co-operative effort in those delivering to any elevator, or in respect to the clients of various elevators. I think it is desirable that we have the same co-operation from the grain companies in this country to assist the government and the people of this country particularly through this period of trial and during this situation of change.

The CHAIRMAN: The minister will say something.

Right Hon. Mr. HOWE: I would like to say that we have had a discussion with a number of elevator groups about the car cycle. The opinions are by no means unanimous, but they are all here and ready to give their viewpoints. Would it not be well to get Mr. Milner's viewpoint as you are doing now and not settle the matter just yet but wait to hear what the grain companies, whose representatives are here, have to say about the car cycle. I think it is generally agreed that if anything can be done the car cycle is the practical way to do it. But I think that if you hear the views of the various companies about the car cycle you could form a better opinion.

Mr. ARGUE: You mean this committee?

Right Hon. Mr. HOWE: Yes.

The CHAIRMAN: It is the intention of those who are here to address the committee.

Mr. ARGUE: What companies are there here?

The CHAIRMAN: Those which I named at the opening session; the United Grain Growers representing the three pools and the North West Line Elevator Association which takes in all the line elevators.

Mr. CASTLEDEN: I am willing to agree to that, I think it would be a good idea; but in view of the statement made here, you do not want to go back. The Pools have had to go back since 1949 in their deliveries.

There is one individual here who is vitally interested in all this, and that is the farmer. He has his own organization and he benefits from every bushel that goes through it; but during the past three or four years you have forced him to deliver grain to other elevators than his own or keep his grain.

Mr. MILNER: Oh no.

Mr. CASTLEDEN: Mr. Milner, I mean the set up that has compelled him to deliver his grain to elevators other than his own; and every bushel he delivers through another elevator system denies him the benefits he gets by using his own organization. That might amount to more than one or two cents per bushel if you take the difference. I think he is handling in 1953 about two hundred million bushels in the Saskatchewan pool, and he has the equipment to handle a much larger quantity. If he could handle a larger percentage, then he would derive even more money from it. It means to him a difference of about six million. He makes three cents a bushel now, and when he delivers to his own elevator, if he be allowed to do so, and to use his own organization, he could probably make four or $4\frac{1}{2}$ cents. This means far more to him today than most people realize. This would be of benefit to a large group of farmers, not just profits to a group of companies. You are forcing profits from him into opposition companies.

Mr. ARGUE: I have a table which shows the way that this situation has worked out in the Saskatchewan Pool Elevator System. The table was provided to me by the chairman of this committee and it shows the percentage of capacity operated by the Saskatchewan Wheat Pool and the percentage of handlings by the Saskatchewan Wheat Pool, and it also shows that the amount of excess of handlings over the percentage of capacity in the Saskatchewan Wheat Pool. In 1943, I suggest, it was three, and in 1944 the wheat pool handlings had increased over your percentage, I think by eight. In other words, it was 47 per cent of handlings; and 39 per cent of space. Those are just very round figures.

In 1944 this excess was nine, in 1946, it was twelve; in 1947, it was ten; in 1948, it was eight; in 1949, it was ten; and then we start in 1950 with a period in which the excess had dropped from ten to five. In 1951, it was from one to two; and in 1952 it was down to one; and in the present crop year 1953-54 we are told that there is no difference. I calculate that for this past 10 year average pool handlings were 6.8 per cent greater than the percentage of capacity, whereas if you take a six year period when there was no congestion it is 9.5; my submission would be that in that period where there is not congestion namely a six year base period would be fairer to all parties concerned than to use the last three years; but that is just a difference of opinion.

I wonder if in the ten year period Mr. Milner was thinking about the effect of fixing a ten year period and leaving it there as long as necessary, or was he thinking of putting in the next year as you went along and dropping the first one, in order to create a moving average?

Mr. MILNER: My first idea was to have a moving average in it.

Mr. ARGUE: A moving average.

Mr. WESELAK: If you look at the Manitoba situation you will see there has been quite a steady increase, and they would ask for it in the other direction.

Mr. ARGUE: There never was, and there still is not the same congestion in Manitoba that there has been in Saskatchewan, because they can place their hauls in the fall while we stay congested the year round. They do not have the congestion that Saskatchewan has.

The CHAIRMAN: That is quite true; but if you work on the last three years you would bring their percentage down and they would get less.

Right Hon. Mr. HOWE: You would find obstacles too; but after you hear the representatives of the companies explain their position, you can form a better idea.

The CHAIRMAN: Are there any more questions?

Mr. HARKNESS: You said some time ago that there were 5,000 odd cars presently in western Canada to be loaded; and then you indicated that there were 10,000 more cars which you intended to order during the coming week, and that would make up 15,000 odd cars which is the amount necessary to move the five bushel quota. Do you envisage that it will be removed by those cars?

Mr. MILNER: I said there were about 5,000 cars on track and presently loaded, and 10,000 cars as well in order to move the five bushel quota. The trouble is that out of that 20 million bushels of grain that will be moving in those 10,000 box cars, I think only six million will be No. 2 northern and we will be back again where we were because we have got 66½ of No. 2 northern in Fort William and east.

Mr. HARKNESS: Will those 10,000 cars look after the quota except for No. 2 wheat?

Right Hon. Mr. HOWE: Yes, they should.

Mr. HARKNESS: So once the cars are loaded, within the next three weeks, their quota will be filled except for No. 2 wheat.

The CHAIRMAN: Now, Mr. Blackmore.

Mr. BLACKMORE: I was under the impression that Mr. Milner was on the point of giving us considerably more of his general philosophy on the situation, but that he was interrupted in doing so.

Mr. ARGUE: We do not want philosophy.

Mr. BLACKMORE: Well, a man who has had the experience which Mr. Milner has had and who has mastered it is a man that we can afford to listen to whether we agree with him or not.

Mr. MILNER: Everybody might think that I was wrong.

Mr. BLACKMORE: I would like to see Mr. Milner take the floor and speak further along the lines he was following before he was interrupted.

Mr. MILNER: I do not feel that I was interrupted, I had practically finished what I wanted to say. Then Mr. Johnson asked me about country elevators and I think I can tell you what the position is today.

Mr. STICK: I do not know anything about car loadings but I do know something about loading ships. You made the statement that you had no demurrage.

Mr. MILNER: That is right.

Mr. STICK: If you have done that, then you have done a mighty fine job. That is my opinion. If you can arrange for steamers coming from Europe and for cars moving east and west and to keep them loaded with no demurrage, then you have done a first class job.

Mr. MILNER: Not only that, but they earned a lot of despatch money too.

Mr. ARGUE: Mr. Milner had a large document with him.

Mr. MILNER: No. It was today's position or what the position was last night as compared to your October 1st position. If you want to look at it I do not see why you should not see it. It is interesting to know that the Pacific Coast has about 13 million bushels of wheat in storage and about 1,843,000 of coarse grain. In clearances since August 1st, we have cleared out of there this year 108,987,000 bushels. That comes under the heading of clearances, since the first of August.

The comparable figures last year show 80,085,000 so we have shipped out of the west coast 28 million bushels more than we did at this time last year. The rest of the figures do not look so hot; but there has been business in the last three days and there is a little bit of business every day; we got into the lakehead at one time 81,900,000 bushels which was a high capacity for the lakehead; it was full then, I can tell you that.

Mr. HARKNESS: What have you got under vessel loadings and arrivals in the next seven days?

Mr. MILNER: Where?

Mr. HARKNESS: On the Pacific coast.

Mr. MILNER: 3,369,000 as of last night.

Mr. STUDER: And what were the total shipments?

Mr. MILNER: 108,987,000; we will have the biggest year this year that we have ever had on the west coast.

Mr. CASTLEDEN: What do you expect in regard to your deliveries to the end of May? I understand that in your chart at the end of May you were in as splendid a position as last year.

Mr. MILNER: We are, in what way?

Mr. CASTLEDEN: With heavy exports.

Mr. MILNER: Oh yes.

Mr. CASTLEDEN: Your big climb was in April and May of last year.

Mr. MILNER: Yes, that was at the opening of navigation.

Mr. CASTLEDEN: Are you keeping up with that record this year?

Mr. MILNER: Not good.

Right Hon. Mr. HOWE: There was a very late opening as well as a slackened demand. However, the demand has just picked up now.

Mr. ARGUE: The demand is equal to this period last year now. My question was; you had that large document concerning the cars and so on.

Mr. MILNER: Yes.

Mr. ARGUE: And you said that I might see it, or other members, might at some time?

Mr. MILNER: Yes, I will be glad to show it to you after we get through.

Mr. ARGUE: For what period is it?

Mr. MILNER: This is the situation that existed on April 30. I shall have another one in 8 days.

Mr. ARGUE: I wonder if I might receive it, or the chairman, if you would rather send it that way? Might I have a document similar to that for the date nearest to October 19 last fall when you took off the car order book? I would like to have a look at the position last fall when that took place; I mean a document corresponding to that and you may give it to us at some other time.

Mr. MILNER: I may have it. I will take a look and see what it looks like too.

Mr. ARGUE: What do you mean by that? Do I take it then that I can get it, whether it is today or a week from today?

Mr. MILNER: Yes, and whether it is good or bad.

Mr. ARGUE: Very well.

Mr. CASTLEDEN: Section 15 of the Act, subsection 11 says:

"in case there is a shortage of railway cars for the shipment of grain, governing the equitable distribution of such cars among shipping points on any line of railway;"

How constantly do you keep that in review?

Mr. MILNER: You mean as far as the Board of Grain Commissioners are concerned or as far as the transport authorities are concerned?

Mr. CASTLEDEN: Transport.

Mr. MILNER: Oh, I think this applies as far as the railroads are concerned,

Mr. CASTLEDEN: You mean that the Board of Grain Commissioners have the power to regulate.

Mr. MILNER: Not now.

Mr. CASTLEDEN: You say "Not now." That is all washed out.

Mr. MILNER: My powers are paramount to theirs or to any other statute relating to transportation.

The CHAIRMAN: Now, Mr. Blackmore.

Mr. BLACKMORE: Mr. Milner said that this applies, but he did not specify what "this" meant. Could he fill that in for the sake of the record.

Mr. MILNER: This is a statement of elevator stocks and space and cars prepared, by the Canadian Wheat Board, as at April 30. There is one other thing and you might want me to speak about it; there has never been a complaint with respect to car service that has come to me that I have not looked at.

Mr. ARGUE: In respect to what?

Mr. MILNER: In respect to car services at any point. They have been looked after sometimes not as well as I would have liked because I have had thousands of things to take care of, but I referred cases to wheat board officials whom I knew would look after them, or the railway men, and the transportation people have been advised by me, and there have been no complaints neglected.

The size of my staff may be of interest to you. There is Dan Kane in Vancouver, who was a former commissioner of the Canadian Wheat Board. He has a stenographer. I have a secretary in my office in Ottawa, and I have one man in Montreal who has a stenographer and that is the works. It is a pretty busy bunch when we are really going.

The CHAIRMAN: Are there any more questions on that item?

The ARGUE: With respect to this base period, are you thinking about the base period when box cars might be allocated at each delivery point depending on the basis at that delivery point, or are you going to take a wide provincial basis?

Mr. MILNER: No; at every delivery point; as a matter of fact we have got our statisticians in Winnipeg and they are working on the matter, with a certain staff, day after day.

Mr. ARGUE: The minister must be looking at it with favour, I take it.

Right Hon. Mr. HOWE: We are always away ahead of you.

Mr. ARGUE: I heard about this some weeks ago.

Mr. BLACKMORE: Mr. Chairman, Mr. Milner made it quite clear to the committee what had caused the deficiency around Regina and around certain other areas in Saskatchewan. I do not know if he got as far as he might have in telling us how he hoped to work it out.

Mr. MILNER: All I can say is that if the wheat board can sell No. 2 northern in any quantity for delivery we will move that stuff out of there, because those areas which are in the worst shape are largely filled with No. 2 northern which we do not want to move at the moment.

Mr. BLACKMORE: Is there anything we can do to help them out. I come from Alberta but I am interested in Regina nevertheless.

Mr. MILNER: I do not know of anything we can do. I am not a member of the wheat board.

Right Hon. Mr. HOWE: What about grinding wheat instead of sugar beets?

Mr. WESELAKE: If you take a ten-year base period, how are you going to do it?

Mr. MILNER: That is a bad situation. We would have to work more in relation to the past few years. We would have to take a whirl at it and perhaps give them a quota. I do not know. He might be below that. When an elevator purchases one from another company we add that on in addition.

The CHAIRMAN: "Committees on Grain Standards".

Mr. ARGUE: We were doing the car order book and transport controller. What about "lake freight rates", we have not touched that at all.

Mr. MILNER:

LAKE FREIGHT RATES

No changes were made during 1953 in the maximum rates for carrying grain by lake and river navigation. The maximum rates authorized by the Board's Order No. 19 of February 5, 1951, remained in effect during 1953. A schedule of these rates is published on Page 12 of the Board's Report for 1951. Further information on lake freight rates may be found in the Statistician's Report in Appendix H.

Mr. HARKNESS: Do the lake shipping companies in all cases charge the maximum rates which you allow them to charge, or is there a rate below that to any extent?

Mr. MILNER: In recent years the maximum rates have been in effect.

Mr. HARKNESS: In other words, competition does not operate to drive those rates down at all?

Mr. MILNER: It has not done so, so far; but in the past, of course—

Mr. HARKNESS: I am talking about recent years.

Mr. MILNER: The effective rate is the maximum rate. There is a little argument with respect to the rates between the shippers and the rest of the fellows as to what they are going to do now.

Mr. STICK: When the St. Lawrence Seaway route begins to operate the rates will come down a bit and then you can ship right through.

Mr. MILNER: That is what the ocean people hope.

Mr. STICK: Then the boats will go right up to Fort William. That should help you out.

Mr. MILNER: Well, I will not be transport controller then. I would not care to look that far ahead.

The CHAIRMAN: Are there any more questions?

Mr. ARGUE: You may have already answered this question, but are the lake freight rates prevailing today the same as in effect on February 5, 1951.

Mr. MILNER: That is right.

Right Hon. Mr. HOWE: I wonder if that is true.

Mr. MILNER: The Board of Grain Commissioners—

Mr. ARGUE: The minister wonders if that is true.

Right Hon. Mr. HOWE: I think the rate on coarse grain is down a bit. There is quite an argument going on about wheat at the present time. I think that the rates will probably be a little less this year. I think they will be below the rates of last year.

The CHAIRMAN: Are there any more questions?

Mr. HARKNESS: I am sorry, but I did not hear what the minister said.

Right Hon. Mr. HOWE: I said that I think that competition will come into effect this year. There are a few more boats now.

The CHAIRMAN: This is the maximum rate. Shall we carry it? Carried. "Transport controller?" Carried. "Committees on grain standards" Mr. MacKenzie.

The WITNESS:

COMMITTEES ON GRAIN STANDARDS

The Committees on Grain Standards for the crop year 1953-54 were constituted by the Board in accordance with section 25 of the Canada Grain Act. Personnel of the Committees is listed in Appendix B to this report.

The Western Committee was convened in Winnipeg on October 7 and again on November 4, 1953, and the Eastern Committee met in Toronto on August 20 and on November 16, 1953 to select and settle standard samples in accordance with sections 27 and 29 of the Canada Grain Act.

The CHAIRMAN: Are there any questions on that topic?

Mr. CASTLEDEN: I would like to know whether the committees on grain standards believe it would be feasible to establish feed standards and screenings and the rest of it for the use of eastern feeders? I understand that today your jurisdiction does not go east of the lakes?

Right Hon. Mr. HOWE: The board has no jurisdiction. Feed grains are not a federal responsibility; they are a provincial responsibility; it is only for export grain that we have declared certain areas subject to federal responsibility. We have no jurisdiction outside that area.

Mr. CASTLEDEN: Is there any demand for supervision of that area?

Right Hon. Mr. HOWE: I think the provinces would have to delegate the authority to the federal government.

Mr. CASTLEDEN: You say the provinces would have to delegate such authority to the federal government if they wished to do it?

Right Hon. Mr. HOWE: Yes.

Mr. CASTLEDEN: And there has been no request so far for the standards to be extended to eastern Canada by any provincial government?

The CHAIRMAN: Does that item carry? Carried.

"Wheat bonus."

The WITNESS."

WHEAT BONUS

During 1953 no wheat bonus certificates were redeemed and certificates outstanding at December 31, 1953, remained at \$7,738.18.

The CHAIRMAN: Does the item carry? Carried.

Mr. BRYSON: Will that be long-standing?

The WITNESS: There is very little being paid out now; there are very few claims being presented.

Mr. RAYNER: There were none at all. This was the 1931 Wheat Bonus.

The CHAIRMAN: "Prairie Farm Assistance Act".

PRAIRIE FARM ASSISTANCE ACT

The Board continued to collect the one per cent levy on the purchase price of grain marketed in the three prairie provinces. Collections during the 1952-53 crop year totalled over ten million dollars. Since August 1, 1939, the date on which this assistance program was first introduced to July 31, 1953, total money collected by the Board amounted to 75.2 million dollars. More detailed data in this connection are shown in Appendix D, Tables D-2 and D-3.

Mr. BRYSON: That is just a measure of putting one thing in and taking another out. There is no charge involved.

The WITNESS: That is right.

Mr. ZAPLITNY: On table D-2 on page 33 I see a column entitled: "Amount not allocated to provinces". To what areas would that refer?

The WITNESS: I expect that refers to some little area in British Columbia.

Mr. RAYNER: It refers to different parts near the border where they cannot say whether it is Saskatchewan grain or Manitoba grain. The licensee reports, but they cannot give us the source of the grain.

Mr. McLEOD: Is there any schedule showing the amount of money that has been paid out under this Act?

The WITNESS: No, we have not done that. We just collect.

Right Hon. Mr. HOWE: The Department of Agriculture makes the payments.

The CHAIRMAN: Does that item carry? The "Prairie Farm Assistance Act?" Carried. "Canadian Government Elevators":

CANADIAN GOVERNMENT ELEVATORS

The volume of grain handled by the licensed public terminal elevators operated by the Board during 1952-53 crop year showed an increase of 6.6 million bushels over the previous year. This was due to a very large extent to increased handlings at the Prince Rupert Elevator which handled almost double the quantities recorded the previous year. Grain receipts at all elevators totalled 27.6 million bushels.

The Canadian Government Elevators showed a surplus of revenue over operating expenditure in the amount of \$443,672.12 for the fiscal year ended March 31, 1953. This is a decrease from the surplus of \$815,337.88 for the previous fiscal year.

More detailed information respecting the operation of the Canadian Government Elevators may be found in Appendix J to this report.

Mr. STICK: What happens to the surplus when you accumulate it? Do you pass it over to the Treasury Board?

The WITNESS: It goes into the federal treasury.

Mr. CASTLEDEN: What is the rental paid for the lease to the McCabe Elevator Company for the government elevator at Port Arthur?

Mr. MILNER: It is on a rental basis plus something for the handling.

Right Hon. Mr. HOWE: It is roughly \$85,000 a year.

The WITNESS: I think that the fixed rental is in the neighbourhood of \$70,000 a year and we receive a percentage on the handling over 9 million. I think that is what it is.

Mr. CASTLEDEN: Was the rental any different in 1952 than it was in 1953?

Mr. MILNER: It would be higher now than it was then.

Mr. CASTLEDEN: May we have the figure?

Right Hon. Mr. HOWE: They had a ten year lease and it fell in and we renewed the lease at a considerably higher rate.

Mr. CASTLEDEN: When was that?

Right Hon. Mr. HOWE: Within the last two months.

Mr. ARGUE: Is the new lease also one for ten years?

Right Hon. Mr. HOWE: Yes.

Mr. ARGUE: What is the reason for renting that elevator to the McCabe Grain Company?

Right Hon. Mr. HOWE: It has to do with diversion charges. The government elevator at Port Arthur cannot afford to pay diversion charges. We leased it to McCabe, which has a chain of country elevators to support it.

Mr. ARGUE: By renting the elevator to the McCabe Grain Company, you make more money on it than if you kept it, because of the diversion charges?

Right Hon. Mr. HOWE: That is right.

Mr. CASTLEDEN: Then It would be to your interest to see that McCabe elevator company throughout the country got the business.

Mr. BRYSON: Does that item of expenses include diversion charge payments as well?

The WITNESS: If we collected any, they would be revenue. We do not pay diversion charges.

The CHAIRMAN: Carried.

"Organization and Personnel".

ORGANIZATION AND PERSONNEL

Early in 1953 the Board moved the offices of the Statistics Branch and the Head Office of the Canadian Government Elevators from Port William to Winnipeg. This transfer was made as part of a plan to effect a better co-ordination of work of the various branches by organizing and consolidating the different units in one central location.

On December 31, 1953, the Board's staff totalled 942 the same as at December 31, 1952. It consisted of 803 employees in the "continuing" establishment and 139 casual employees whose numbers vary with work requirements. The Board's employees provide services at fifteen cities from Montreal to Victoria, mainly in inspection and weighing of grain. During 1953 there were 110 employees appointed and 115 separated in the continuing category, and 216 appointed and 211 resigned in the casual class. At the end of the calendar year the staff of the Canadian Government Elevators at Edmonton, Calgary, Lethbridge, Moose Jaw, Saskatoon, Prince Rupert and Winnipeg consisted of 160 in the continuing establishment and 59 casual employees.

Major changes in staff involved the promotion of Mr. John Rayner from Assistant Commissioner for Manitoba to Director of Administration, appointment of Mr. K. Hlynka as Secretary, replacing Mr. A. T. Calder, resigned, and appointment of Mr. W. J. MacLeod as Personnel Officer to replace Mr. H. G. Dawson who transferred to another Department.

The accompanying chart is presented to put on record the organization of the Board and the makeup and head personnel of the different branches.

The WITNESS: You will see that chart on the opposite page.

By Mr. Johnson (Kindersley):

Q. Who determines the number of personnel operating in the various departments?—A. In the first instance, the director of the particular branch that is interested. Then he takes it up with the personnel officer, and it is cleared through the civil service here.

Q. Supposing there was a need for more assistant commissioners, has the board the authority to establish more assistant commissioners?—A. I am afraid not. I already indicated the section under the Act that specifies four assistant commissioners. There is one that we do not fill, because we do not think there is need for it.

Q. Would the same thing apply to Mr. Milner's department as transport controller? Could additional personnel be granted to him if it were required?—A. I will ask Mr. Milner to answer that.

Mr. POMMER: I wondered when you said that you had four possible appointees for assistant commissioners and one you did not appoint owing to the fact that he was not required at the head of the lakes. Would it be possible to use that appointment in Saskatchewan, say for argument's sake, where you say they are overworked?

The WITNESS: No, unfortunately, according to the Act that is not possible. This is the Act to amend the Canada Grain Act, which was passed in 1952:

Sections 4 and 5 of the said Act are repealed and the following substituted therefor:

5. (1) The Governor in Council may appoint three assistant grain commissioners to hold office during pleasure each of whom shall be paid such salary as may be fixed by the Governor in Council.

(2) One of the assistant grain commissioners shall have his headquarters and office in the Province of Alberta, one in the Province of Saskatchewan and one in the Province of Manitoba.

When I said that there were four, I forgot about this amendment put through in 1952. That was the original provision of the Act.

The CHAIRMAN: Carried.

The WITNESS:

INFORMATION PROGRAM

During 1953 an educational and information program was initiated to make wider distribution of information on the Canada Grain Act and functions of the Board of Grain Commissioners to farmers, elevator agents and other persons concerned. In collaboration with the Exhibition Commission of the Department of Trade and Commerce, a display was constructed and exhibited at summer fairs at Brandon, Yorkton, Lloydminster and Regina, for a total of seventeen days. This exhibit was manned by qualified personnel from the Inspection Branch, the Laboratory and the Executive Offices, and in addition, the Assistant Commissioners for Saskatchewan and Alberta were in attendance much of the time to answer inquiries relating to the functions of the Board.

The success of the exhibit and favourable comments received from various sources indicated that this work was well worth while, and the Board has planned to continue to present this exhibit for the benefit of other areas.

Before I turn the page I will give you the names of the places where we expect to exhibit in 1954. They are: Brandon in Manitoba; Edmonton, Vermilion, Vegreville, North Battleford and Lethbridge. Now, going on to the next page:

In order to familiarize farmers with provisions of the Canada Grain Act and Regulations of the Board and to acquaint them with their rights and privileges under this Act and Regulations, a booklet entitled *The Farmer and the Country Elevator** was prepared for free distribution to farmers.

That is the little booklet which I have in my hand, and if any of you have not got it, I suggest you get it because it sets out very clearly what the protection of the farmer is and so on.

Some 135,000 of these 24-page booklets were distributed with the help and co-operation of grain firms and associations through their country elevator agents. Judging by inquiries which are being received, it is gratifying to note that much of this information is finding its intended target.

In order to explain the comprehensive and somewhat complex functions of the Board of Grain Commissioners to farmers and others, it was felt that a coloured sound motion picture would be the most suitable medium for presenting this information. Accordingly, the National Film Board was requested to produce a twenty-minute film depicting the functions of the Board. The photography has been completed and this film is expected to be released in the Spring.

I might say that we had hoped to be able to put that on for you within the week, if anybody was interested. But our information now is that it will not be available within the next week.

Mr. CASTLEDEN: What figure did they give you for producing that film?

The WITNESS: I think it was around \$24,000, speaking from memory.

Mr. ARGUE: How many copies of that pamphlet did you have printed?

The WITNESS: 135,000.

Mr. ARGUE: And how many were distributed?

The WITNESS: I think the greater part of them have gone out.

Mr. HLYNKA: We have printed 250,000 of which 135,000 have been distributed, and we have a good supply on hand now for free distribution.

Mr. ARGUE: These are in all the elevator points.

The WITNESS: Yes; and when Mr. Dollery, the chief inspector sends out his letters, he includes one or two of the booklets.

The CHAIRMAN: Does the item carry? Carried.

"Expenditures and Revenues"

The WITNESS:

EXPENDITURES AND REVENUE

Total expenditure covering operations of the Board for the fiscal year 1952-53 exclusive of the Canadian Government Elevators, amounted to \$3,367,340.53 compared with \$2,850,717.97 for the previous fiscal year. This represents an increase of eighteen per cent resulting from general increases in salaries and in almost all items of expenditure.

There was a substantial increase in revenue collected by the Board in 1952-53. Total revenue was \$3,718,087.99 which was twenty-six per cent more than collections for 1951-52 recorded at \$2,958,289.07.

Expenditures for the nine months of the 1953-54 fiscal year to December 31, 1953, totalled \$2,618,472.21 as against \$2,517,499.32 for a comparable period during 1952-53. Revenue for the same period amounted to \$2,581,067.69 as compared with \$2,480,101.11 for the previous year.

Mr. ZAPLITNY: Is there a breakdown?

The WITNESS: Look at pages 74 to 81.

By Mr. Argue:

Q. Does any of the money spent by the board come from the treasury, or is it all collected? I mean, when you have an excess of revenue over expenditures, does your board cost the taxpayer of Canada anything?—A. All our revenue goes into the hands of the Dominion Treasury and we cannot spend a single dollar unless you fellows vote it for us.

Q. That is not just the question I had in mind. In the year you show a surplus.—A. It goes into the treasury.

Q. Yes; the money, when you have a surplus, goes into the treasury, and the revenue that makes the surplus is revenue provided from the charges which you make for handling the grain and the processing and so forth.—A. That is right.

Q. So that in a year in which your board has a surplus, the board does not cost the taxpayer of Canada anything?—A. No.

Mr. STICK: But the government meets a deficit if you ever have one?

The WITNESS: You might reach a wrong conclusion in looking at the last couple of years, but the taxpayers did meet our deficits for many, many years.

The CHAIRMAN: Does the item carry? Carried.

Mr. CASTLEDEN: What about the auditor's report. Where is that?

The WITNESS: You get that through the Auditor General.

The CHAIRMAN: Yes.

Mr. CASTLEDEN: I take it that all the money you collect you put into the federal treasury?

The WITNESS: That is right.

Mr. CASTLEDEN: And all your expenses are paid out by them?

The WITNESS: That is right.

Mr. CASTLEDEN: And that is all handled by the Auditor General of Canada?

The WITNESS: Well, we have a treasury department in our own office which looks after all that accounting.

Mr. CASTLEDEN: And the report would come in under the auditor general's statement.

Mr. STICK: Mr. Chairman, I move we adjourn.

The CHAIRMAN: It has been moved that we adjourn. Carried.

The committee is now adjourned until 8.30 tonight in this same room.

EVENING SESSION

8.30 p.m.

The CHAIRMAN: Order, gentlemen. I think we can now proceed. Mr. J. L. Phelps is here to speak on behalf of the International Farm Union Council. I believe you all have copies of his brief. If not, there are copies available on the table here.

Mr. Phelps has agreed to summarize pages 1 and 2 which constitute the first part of his brief and are of a general character. He will then go on reading the brief from the middle of page 3. I now call on Mr. Phelps.

Mr. J. L. Phelps, President, Interprovincial Farm Union Council, called:

The WITNESS: Mr. Chairman and gentlemen: First of all I would like to say that we appreciate having this opportunity to make our annual presentation to this very important committee. We say that it is important particularly to the agricultural industry and we look forward to this annual presentation to you.

Now I would like to introduce my colleagues: Mr. Henry Young, who is sitting to my immediate right. He is the president of the Farmers Union of Alberta. Next to him is Mr. Albert Cormack, provincial president of the Ontario Farmers Union. And next to him is Jim Gray, who is my executive assistant.

Now I would like to summarize briefly the first part of the brief. I had thought at one time that we might try to summarize the whole brief by paragraphs, chapters, or subjects; but in going over it, it did not seem to me that I could do that and that to try it would take longer than it would to read it to you as an entity.

In summarizing the first part of the brief you will notice that it is mainly concerned with grain handling and grain marketing. Those were the two main subjects which were referred by parliament to this committee.

Then we make reference to the paragraph dealing with livestock marketing because we feel that while it has not been referred to this committee, nevertheless it is a problem which does deserve some special consideration at this time.

We would like to make one or two comments on the general economic position of the farmers at this time.

I do not want you people to get the idea that we are here as a bunch of calamity howlers. We have no intention of posing in that role at all, nor are we here to preach blue ruin; but there are certain factors of which we must take some cognizance.

In the first place there may be some misunderstanding about the concept of agriculture's gross income and as an indication of what is happening to the farmer.

Gross income does not tell the story in so far as the agricultural industry is concerned and let no one be misled on that score. However, in order to understand the story of what is happening to farmers we must examine very closely the net income.

As you know, the hon. Mr. Abbott gave information to the House not very long ago regarding net income to agriculture across the country. It is down 14 per cent this year.

Now, in Saskatchewan particularly and in some of the other provinces they are adopting the same thing. Many of our towns are going on a cash basis which further aggravates the situation so far as the farmers are concerned.

That does not affect all farmers. There are farmers in the three prairie provinces and in Ontario who are able to finance their way. There is no doubt about that, and we are not denying that fact for one moment.

But do not let us be misled by those individuals as being typical of all farmers. Let us not take only the top bracket or even the low bracket; but let us take an average of what is going on in the agricultural industry as a whole.

In this brief we mention, in the general situation, that we believe it would be desirable to have a grain marketing conference called. We would commend that paragraph to your further and fairly earnest consideration.

Again, we do not want to be alarmists. But as I have said, anyone who has studied the whole field must be aware of the situation which is rapidly developing.

We also would commend to your further attention the paragraph dealing with small trade delegations. We believe something can be done there.

Now, no single one of these proposals is going to be a cure-all to our troubles. No one suggests that or expects that; but if we are going to get out of the difficulty we are in and not get further into difficulty, then some of these measures should be looked into and something done about it.

This afternoon there were some remarks in the committee about the number of complaints, or the larger percentage of complaints coming from Saskatchewan and being dealt with by the Board of Grain Commissioners; that is, a larger number from Saskatchewan than from the other prairie provinces. But one of the obvious answers is that Saskatchewan has more marketing points. That is obvious from a study of the figures and of the number of elevators. We have more elevators in Saskatchewan and naturally you will have more complaints where you have more elevators. But that is not the main part of our story. Saskatchewan particularly has been very affected in the last two years in regard to congestion. I think you all know the reasons why.

Alberta has been shipping west; while Manitoba has been shipping east, and we in Saskatchewan are caught between, and the congestion situation has been far worse there; it has been and it still is. And in a condition of that kind naturally you are going to get more complaints. It is not because we are chronic kickers; and I make no apologies on behalf of Saskatchewan in that respect.

I think the complaints lately registered have been legitimate ones, to my knowledge; and as far as we are concerned, I will concur in what the transport controller said today. In respect to any complaints we have funnelled through to him, as an organization or as individuals, they have received attention. I have had no come-back from that, or any knocks, or any rebuffs, so they must have been taken care of, and we appreciate that having been done.

Now, to get on with the brief, I will just start at the middle of page 3 and begin to read.

Mr. WESELAK: Shall we question after the brief is completed, Mr. Chairman?

The WITNESS: Maybe it might be better if I should first read through the brief and then go back over it paragraph by paragraph.

The CHAIRMAN: We will follow our usual practice. I think it would expedite matters by having Mr. Phelps read his brief and by having the members hold their questions until after he is through. Is that agreeable? Carried.

The Witness:

CANADA GRAIN ACT—CANADIAN WHEAT BOARD ACT

The administration of the Canada Grain Act by the Board of Grain Commissioners and the Canadian Wheat Board Act by the Canadian Wheat Board is of major concern to western farmers, as producers, and Ontario and other eastern farmers, as feeders and consumers, of the product so governed.

In the case of the Canadian Wheat Board, we feel the reports issued are adequate and any supplementary information desired has, with one exception, been readily available. The regular report this year has been added to by a further supplementary report and we would take this opportunity of complimenting the Canadian Wheat Board on its procedure, insofar as the recording of the transactions is concerned. We were informed by the board that the one exception to which we refer—namely, the deliveries by grade and condition of wheat for the previous crop year which was deferred, will be tabled upon request before the Agriculture Committee. We trust that advantage has been taken to table this further information. However in the opinion of many farmers, the administration of the Canada Grain Act by the Board of Grain Commissioners in comparison, leaves much to be desired. We have brought this to the attention of the Board itself, as well as to the members of this committee, on previous occasions.

There is sufficient evidence to convince any unbiased person that the Board of Grain Commissioners has, over the years, lost much of the original intention of the Canada Grain Act, originally drafted to give protection to the farmer. The indications are that the board has, in later years, tended to give too much consideration to the interests of grain handling companies. One need go no further than to peruse the evidence presented to the Agricultural Committee by the Board of Grain Commissioners and the questions asked by members of the committee, together with the answers given last year, to get some idea of the state of confusion which presently exists. On one major point, brought up at the hearing, conflicting interpretations were given regarding the operations of the Act itself. On this occasion, we had a lot of sympathy with the commissioner who had the courage to express his own disagreement.

Incomplete Records

Further evidence that the Board appears to be trying to shield the grain companies in their operations is the fact that, over a period of nearly three years now, the farm unions have sought to obtain certain specific information from the Board of Grain Commissioners and their statistical department, relative to grain handlings by grade. We have a considerable file of correspondence with the officers of the Board of Grain Commissioners on this and other points, a close perusal of which would prove our point. We are prepared to place this correspondence before any board or committee of competent jurisdiction in order that an impartial examination may be made. Some of these letters were requested to be filed as exhibits at the committee hearings of the Standing Committee on Agriculture and Colonization a year ago, and appear in the public records in the form of the committee's reports. These letters clearly indicate the inadequacy of the Board's present method of keeping records. Among other things, on grain handlings by grades and condition by each and every company—the specific

information we sought in this connection was to definitely establish a complete inventory of grain handlings for a specific crop year, or for that matter, each and every crop year by grade and condition—that is, to take inventory of the stocks on hand at the beginning of the crop year, the total receipts during the crop year, and the amount of grain sold during the crop year, both as export and domestic sales, and finally, the inventory by grade and condition at the end of the crop year. On different occasions, the Board has contended that this information was not available, while at other times, they have referred us to the Canadian Wheat Board for our information. We have good reason to believe that there is mixing of grain taking place at some of our terminal elevators contrary to the present Canada Grain Act. We further believe that a close examination of all the books and records of grain companies over the past years since 1940 will reveal that considerable overages have accrued to some of them as a result of up-grading of grain from the time it is purchased from farmers at local elevator points to the time it is sold for export on the certificate final.

Some argue that it is not serious if the grain is up-graded as any gains will be retained by the Wheat Board if grades are raised after it is delivered by the farmers and he has received a cash ticket for same.

However, in practice, most of the gain from up-grading benefits the grain companies as they are only obliged to deliver to the board the equal of grades of grains purchased from farmers according to the tickets issued at the time of delivery at the local shipping point.

However, we realize that under the Act, the Board is limited in its jurisdiction on some of these points, insofar as confiscation is concerned. We would nevertheless point out that in the general administration of the Canada Grain Act, the Board is responsible and can call into account the operations of any grain company from the time the grain is received at the primary delivery point from the farmer, right through until it is loaded on the boat for export. Unless complete figures are kept for all grades and the condition of same, as required under the Act, then it is a clear case of the Board not placing itself in a position to administer the Act as it should and enforce those sections dealing with overages in so far as grades are concerned.

Grain Overages in Weight

In addition to the overages in grade previously referred to and covered under section 139 of the Act, there is the further question of overages in weight, which, up to the present, has been the most common type, and has been the subject of a growing concern among farmers. Overages in weight are covered under section 140 of the Canada Grain Act, and while it is true that under the existing Act the Board is only empowered to confiscate overages which accrue at terminal elevators, nevertheless, under this same Act, the Board is responsible for overages which accrue at country elevators and the disposition of same. These overages in weight, in spite of a decrease some time ago in the shrinkage allowance, have continued to grow. For the last number of years they have steadily increased in amount. During the crop year 1952-53, the Canadian Wheat Board reports an overall total of 2,110,381.9 bushels as grain overages for which no producer certificates were available.

In the main report issued by the Wheat Board that figure was not so high, but later in a supplementary report further overages had occurred, and the total report is here giving those figures I mentioned. So it looks as though the

further we go the more overages seem to be accruing. One of the statements made by a witness that appeared before this committee on behalf of the elevator employees' association said that these figures were estimates or approximate. I submit that the Wheat Board's report was, in my opinion, very accurate. Those figures are net.

Mr. BLACKMORE: You are referring to this year or last year?

The WITNESS: This year. That is the 2,110,381.9 bushels, the figures for which no certificates were available.

This is a tremendous amount of wheat to remain unaccounted for so far as the individual farmers are concerned, and we would point out that this particular figure of over two million bushels relates to wheat only. To this must be added the very substantial amounts that have, no doubt, accrued to elevator companies from other types of grain—namely, oats, barley, rye, and flax. It seems difficult, if not almost impossible, to justify the Board of Grain Commissioners' lack of action in this regard. When the Canadian Wheat Board has reported this 2,110,381.9 bushels of wheat overages, it seems like adding insult to injury for the Board of Grain Commissioners to report (on page 13 of their annual report) that all it confiscated was an amount equal to \$289.48 worth of grain from one terminal elevator during this same period.

Of course, that is partially explained by the powers of offset provided under the Act, which we think should be deleted.

(The balance apparently has been permitted to be absorbed into company profits of the grain handling groups.) We believe that this is another item, along with that of grain mixing and the overages by up-grading, which should be referred to a special committee or commission for thorough study, investigation, and definite recommendations for the necessary corrections.

I might just comment in passing on that paragraph, to add to a statement made by the Chairman of the Board of Grain Commissioners yesterday, when he indicated that information on overages at individual elevators would not be available. I hope that when the evidence is reread and studied we can have some further clarification of that point because, Mr. Chairman, after all this administration of the Canada Grain Act is not a matter of dealing with individual companies. It is a matter of public concern and that is why we have a public Act to cover it.

Some have sought to justify these overages by arguing that a percentage accrues to the farmers' own grain companies, and as such, are paid back in the form of patronage dividends. The reply to such an argument is obvious. In the first place, something less than half the grain is handled by farmer-owned companies. Secondly, one should not try to condone the breaking of the law by the very questionable argument that some special group benefits by it. We believe the practice is wrong and should be eliminated, and the Act should be rigidly enforced in this regard.

We wish to make it perfectly clear we are not asking, nor for practical purposes do we expect, that grain in large quantities can or will be weighed, either into; or out of an elevator to the exact pound; but we do believe and expect that when overages do occur they should be confiscated by the Board of Grain Commissioners and the proceeds, which this past year would be pretty substantial, be turned over to the Wheat Board and included in the final payments to producers on a basis of deliveries.

Many farmers believe that closely associated with this whole situation of grain overages in both weight and grade, as well as that of grain mixing, is the present practice and procedure being followed in grain drying. This whole question of the mixing of dry and damp and tough grain and the mixing of various grades was among other items the subject of a special enquiry on a former occasion and as a result, certain specific amendments were made to the Canada Grain Act, infractions of which, according to the present wording of the Act, are a very serious offence.

First of all, there is the very substantial amount of tough and damp grain which was mixed with dry grain during recent years, the process being referred to as "natural drying". This is a new term which has more-or-less recently been added to the grain handling vocabulary. We are not necessarily condemning the practice. In fact, if proper caution is used, some advantage may conceivably accrue from it, particularly in certain areas and seasons. However, the point we want to make is this—the individual farmer has been penalised by a reduction in price at the time of the delivery of his grain, while by the mixing process (actually resulting in up-grading), the elevator company handling the grain through its terminal elevators reaps almost the entire financial gain.

Furthermore, with regard to grain drying, particularly that portion that is artificially dried, we very seriously question the present practice of computing the weight of the dried grain by a formula rather than by actual weighing over the scales after the drying process has been completed. We believe that the Board of Grain Commissioners should insist that the grain, after it is artificially dried, be re-weighed over government-inspected scales. After all, the conveyor belts are there for that purpose and it entails no great amount of extra effort when the grain is being returned from the driers for re-binning, to dump it into the hoppers for re-weighing over the scales on its return to the bin for storage purposes.

However, there is a further point in connection with drying grain which also affects overages, that we believe needs close examination: during the past few years there has been a substantial quantity of tough and damp grain (although this condition has not been so prevalent during the recent crop year) and the present method of computing the figures on grain handling by the Board of Grain Commissioners requires that one must study the movement of grain for several years back in order to get a true picture of what has actually been happening.

In the 1952-53 crop year, according to the Canadian Wheat Board's annual report, just over 59,500,000 bushels of wheat were received as tough and damp, but according to a return tabled in the House of Commons on February 17th, 1954, only 2,318,265 bushels were artificially dried. This could only mean that apparently nearly all of this amount, approximately 56,318,265 bushels were purchased as tough or damp from the farmers but simply mixed with dry grain, the grain companies themselves benefitting substantially as a result of this up-grading.

In the 1951-52 crop year, according to the Board of Grain Commissioners' report, the record sum of 106,000,000 bushels of tough and damp grain were artificially dried, and 46,000,000 bushels were naturally dried by the simple process of mixing.

Mr. Chairman I would suggest that the reason there was not a larger percentage of mixing that year was because there was a greater percentage of wheat on the line so far as moisture content was concerned, which would not stand any more mixing; as dry grain therefore there was a smaller percentage of mixing going on at this time.

The Canadian Wheat Board report for this same year, 1951-52, shows purchases of 118,200,000 bushels of tough and 63,300,000 of damp wheat with a weight loss of 3,975,096 bushels, most of which is excess moisture. We note with interest further information on weight losses in drying on this large amount of grain has been requested in questions tabled in the House of Commons recently. While some adjustments were made in terminal warehouse receipts, the fact remains that receiving records at local elevator points remain unchanged.

Mr. Chairman, I submit that the changing of the warehouse receipts is an internal operation and does not give you the complete picture and I think a complete examination of this whole record and procedure will prove that point.

Therefore, in order to get the true picture of overages much of this 3,975,096 bushels in weight would, of necessity, have to be added to the nearly 2,000,000 bushels of grain overages reported in another section of this report for that year. The Canadian Wheat Board is in no way to blame for this situation. It is solely the responsibility of the Board of Grain Commissioners.

I think we all know that the Wheat Board is the commercial arm for selling wheat. Administration and enforcements are the responsibilities of the Board of Grain Commissioners.

All this grain was delivered by the farmer to the local elevator and was weighed in as wheat, including the excess moisture. The farmer was not docked for the excess moisture in weight. The penalty was in the form of a reduced price per bushel, and he was issued a grower's certificate for the full amount, including that portion covered by the excess moisture. When the grain goes in to the driers, the excess moisture is driven off, either in the form of water or vapor. While the terminal elevator receiving records are adjusted by re-issuing new warehouse receipts, the fact remains that the initial receipts covering the delivery of the grain at the country elevator by the farmer remains as they were, and those original records are apparently the ones that are used in calculating or recording the overages of the elevator companies. Actually the loss of weight through drying is, as the figures indicate, very substantial, and the handlings by the companies, instead of showing an overage, should actually show a shortage to this extent.

I want to comment, Mr. Chairman, that I was very interested in the statement which we heard this afternoon and which was put on the record from two of the commissioners indicating that this does constitute a shrinkage in grain—the drying process—and will affect the picture accordingly, as is stated here.

So in order to get a complete picture of this whole question of overages in grain, by weight, the amount of shrinkage, as represented by the weight of moisture driven off the grain that is artificially dried, will, in practice, have to be added to the actual grain overage to give an accurate record of weight lost to the farmer on the balance of his grain transaction.

We therefore believe that this whole question of grain handling, mixing, drying, the question of grain overages, the matter of diversion charges, protein grading and the whole question of revision of the Canada Grain Act deserve, in our opinion, further study.

I want to mention here that I was very pleased to read in the report of the committee last year that after our submissions were made the committee recommended it to the House of Commons and various members of the committee at that time spoke in favour of it, including the minister himself. I was glad to see him go on the record as saying that he favoured, if the committee so desired, having a review of the entire Canada Grain Act. Our delegation is very anxious that you should pursue that study, not only as a matter of discussion but objectively, at this session of the House of Commons, and make proposals for suitable amendments which we will recommend to you.

We hope that a recommendation will be forthcoming from this committee for the establishment of a parliamentary commission of enquiry or better still, a Royal commission upon which a majority representation will be selected from bona fide farmers who will not have commercial ties but are mainly concerned with the interest and welfare of the actual producer, for the purpose of holding public hearings and for the further purpose of examining witnesses and subpoenaing for examination certain individuals and representatives of companies who will be named, to give evidence under oath. Also to provide an opportunity for representatives of the farm organizations to question these witnesses while they are before the commission, including employees of the Board of Grain Commissioners and the members thereof. While we feel the proceedings of this committee are important and helpful to a degree, we would nevertheless point out that, under existing rules and regulations, there is no opportunity for, nor provision made by which representatives of the farm organizations may directly question other witnesses that come before the committee. Certain other submissions were made to this committee, following our presentation on a former occasion, and we would have appreciated a chance to reply as well as to ask certain questions on specific points after having studied the information contained therein. We believe the evidence submitted by the Board of Grain Commissioners and the questions and answers at the committee meeting a year ago, provide plenty of evidence and proof of the need for such wider and more thorough investigation.

We have re-read the submission placed before the committee by the elevator employees association a year ago and recorded in the proceedings of the Committee on that date. We desire at this time to make our position quite clear, in that we as a union of farmers, are not over-critical at this or any other time towards the elevator agents, either individually or as a whole. We believe, in the main, they are doing the best they can, and of course, as employees, they are, of necessity, required to carry out whatever instructions their own company may give them from time to time. They are also forced to operate under the present Act which is far from clear on many points.

I would like to pause there a moment to suggest to the committee that I think the evidence that has been presented here in the last three days amply proves that statement, if there is any further proof needed, and the re-reading of the submissions that have been made to this committee when it comes out in the committee's report, will certainly substantiate this point. I refer particularly to the statement made by the chairman of the commission in reference to the matter of the subject to grade and dockage tickets, and the conditions under

which they would or would not be issued. My own opinion, and the opinion of my colleagues, is that it has left this whole matter completely up in the air and whatever the elevator agents will do from here on in, I hope that they will use their own good judgment. However, if the chairman's statement is to stand, I want to check his exact phraseology very closely. But, as I took the chairman's statement at the time and subsequently, if that statement stands as an operating formula, then I want to suggest to this committee that you had better hasten immediately to clarify the situation. If it is not done, then there certainly will be a prairie fire in western Canada. And, I am not exaggerating because to all intents and purposes if that ruling stands it simply means that the large majority of the farmers are completely denied the right of the use of the subject to grade and dockage ticket in actual practice while present congestion continues to exist. I would submit if that is going to stand there will likely be a test case very soon if you do not amend the Act and I hope you will amend some of these sections that are so obviously out of line if that is to continue as the interpretation. The chairman of the board made the statement and it stands until it is challenged. So I would certainly urge that you study this section very closely. I would suggest this, that if a case comes up, for my own part, I have no hesitation in saying that I will not recommend so far as I am concerned that the matter be referred for a public enquiry by the board of Grain Commissioners. I think in the submissions they have made in the last few days that they have shown that they are not an impartial body so far as the farmers are concerned, and we shall have to go to an impartial body or court of the country to try that case. I make no apologies for making that statement. I hope that the committee will take these matters into consideration and will come forward with the necessary amendments to make it abundantly clear what was intended in that Act in the first place. Certainly if you go back and read the debate at the very important time when these amendments were drafted to this Act nothing of this kind of clap-trap was intended. The farmers are getting further away and losing their protection all the time and if the chairman's statement remains unchallenged the main part of the Act has gone out the window so far as the farmers protection is concerned.

An outstanding example of this is the ruling handed down in the Brancepeth case, which was the subject of considerable discussion at the committee hearings one year ago. It is no wonder the elevator men are confused as a result of the decision handed down on this case. On re-reading the evidence, it appears that the commissioners themselves were confused, even to the point of contradicting each other. Nor are we critical of individuals, either in the employ of the Board of Grain Commissioners, or members of the Commission itself. We wish to assure one and all that the farm unions in this regard bear no individual any ill-will. Our one objective and main purpose is to obtain the necessary amendments to the Act and to the regulations under the Act to ensure that the actual producer of the grain receives adequate protection at any and all times. Nor are we asking for favors or preferred treatment, but we nevertheless believe that some of the abuses which have crept in, and others which may not have been completely eliminated when the Act was amended on former occasions, should now be definitely taken care of.

Protein Grading

I just want to make a statement here on protein grading. I heard a witness say that there was disagreement amongst the farmers themselves. I have not heard of any serious disagreement. There are sections of the prairies

that are not as anxious and are not so insistent in getting this particular change as other sections because it would not benefit them. But, there is opinion and general concern about what is going on at the present time as is contained in this paragraph.

Over the years, there has been a continuous series of complaints regarding the present method and practice of grain grading. We wish to make it clear that we are not over-critical of the chief or main inspection staff, in particular Mr. Dollery, the Chief Inspector, as we have always found him most co-operative insofar as any information or suggestions made by the farm unions from time to time are concerned. On his suggestion, we have advised, from time to time, those who have complained, to make use of the subject-to-grade-and-dockage ticket in case of a dispute at local elevators.

I hope that we will be able to continue to do that despite the suggestions made at this committee meeting earlier today.

While a few local elevator agents feel a request by a farmer for a subject-to-grade-and-dockage ticket is somewhat of a reflection on him personally, we are encouraged to note that an increasing number of agents are themselves recommending this procedure when dissatisfaction becomes apparent. This relationship and procedure is most desirable. We are pleased to note that our request to the Board of Grain Commissioners and this Committee for the discontinuance of the new charges levied for inspection of individual farmers' samples of grain has been granted. However, over the years, there have been a number of suggestions made for the inclusion of the protein factor as another method of determining the monetary value or grade of individual samples of grain. This factor has been even more noticeable during the past crop year, and we seriously question the present practice of allowing our own Canadian milling companies to skim off the cream of the crop without paying an additional premium. Under present regulations, no provision is made for premium payments on high-protein wheat, yet milling companies are permitted to select their purchases from the areas in which high-protein wheat is predominant. If continued, this practice may seriously affect our export grades,

—and this is where all farmers in the north and everywhere will come in—since it may become difficult to dispose of grain from lower-protein-producing areas unless sufficient quantity of high-protein wheat is available for mixing and blending to maintain the high standard of quality on which our reputation as exporters of wheat has been built.

I am sorry that we were not here to hear the Wheat Board's submission to you; however we sat in with the Wheat Board less than three weeks ago and one of the things that came out is that some of the wheat is not moving in some of those areas because it is low in protein in this respect and they are having some difficulty in moving it. I submit that shows that we are already short this year in the proper type of protein wheat to mix with advantage.

If that can be substantiated, I accept their statement and I think it is time that we give further attention to this matter. I shall not read the balance of this paragraph because it is simply a suggestion as to how it can be carried out. I now pass on to diversion charges:

We have, on several occasions, requested the government to have the present practice of paying diversion charges on grain being shipped through Port Churchill, Prince Rupert and inland terminals discontinued.

This request was also made to this committee and to the Board of Grain Commissioners. In addition we asked for the discontinuance of diversion charges on that portion of our crop diverted for domestic milling. These charges, we are informed, run from 11½¢ to as high as 31½¢ per bushel on certain grades for specific purposes. Today, evidence can be produced to prove conclusively that the arguments brought forward by the grain handling companies to justify the introduction of these special charges are completely irrelevant under existing conditions. Such charges, paid in some cases by the consumers and in others by the farmers, are for services that cannot be, and, in fact, are not performed. In present circumstances, these charges cannot be justified and we ask that they be removed without further delay. We are aware of the stand taken by the Board of Grain Commissioners in this regard, namely, that this charge is a matter between companies, and outside the board's jurisdiction. In our opinion, this cannot be regarded as an argument.

You have got the regulations right here and they say very definitely that the board is empowered to set all charges for grain handling, including shipping charges on the Great Lakes.

Under the present Canada Grain Act and its regulations, the Board is empowered to set "all" charges for grain handling, including the shipping charges on the Great Lakes—which should certainly allow the Board to see to it that these diversion charges are discontinued forthwith. If this were done, a definite saving to eastern farmer feeders on feed grains shipped direct would likely also result.

Closer Supervision of Sales of Screenings by Board

The present practice of grain handling companies of mixing large consignments of screenings with feed grains sold by western farmers, and shipping them east for sale to eastern feeders, should receive immediate and close supervision by the Board of Grain Commissioners. We would like to go on record as stating that these screenings are not the property of western farmers. The large majority is dockage for which the prairie farmer has been penalized and which has come into the possession of the grain handling companies as a by-product through the grain terminal cleaning operation. It is then sold by the grain handling company as feed grain in competition with the prairie farmers genuine high-quality feed grain.

The efforts of the Ontario Farmers Union, in co-operation with the prairie farm unions and federal government officials, have resulted in the Wheat Board making provision for direct shipments of feed grains from western farmers to eastern feeders. We hope that greater advantage will be taken of this provision and that it will be one of the means of discouraging the shipment of inferior kinds of screenings by the elevator companies to eastern Canada. We recommend that the sale of inferior screenings, particularly refuse screenings, be prohibited by law for feeding purposes, and that suitable penalties be imposed on any grain company or distributor making such sales. As western producers of feed grains, the farm unions of the prairies are most anxious to maintain and retain the confidence of our customers, the eastern feeders and farmers, and to expand this market. It is in the mutual interests of both parties to see to it that grain from western Canada is delivered to eastern feeders on the same standard of grading that applies in western Canada at the

time the feed grains are sold. This grain should be handled in such a manner as to eliminate, to the maximum, middlemen's profits and unnecessary charges, which unnecessarily increase the price to our customers in eastern Canada.

It would be decidedly helpful to the main parties concerned to have the jurisdiction of the Board of Grain Commissioners extended to provide an inspection service to the farmers of eastern Canada for feed and seed purchased by them. This would ensure that proper quality is maintained, and the eastern feed grain purchaser receiving the same grade of grain he agreed to buy. This service should be available at all reasonable times and under all reasonable conditions. Further, the expense of such service should not be a charge to the individual farmer, but should be absorbed as part of the ordinary operating expenditures of the Board.

We feel that it is very timely to ask for this service at this particular time, as a fairly substantial operating surplus from the Board of Grain Commissioners' operation has been evident now for the past two years. However, we hasten to point out that this increased revenue has resulted largely from payments made for the different types of service by western farmers, which are performed under the supervision of the Board and paid for by the producer in the form of weighing and inspection fees and other charges levied against the final settlements for our grain.

I would like to say in regard to this that I noticed what was said in the discussion in the last three days, and that has convinced me more than ever before that amendments are over-due so far as the Canada Grain Act is concerned.

Amendments to Canada Grain Act

While we realize it is difficult to enumerate all the requisite amendments to the Canada Grain Act at this time, or to suggest new sections which may prove necessary, we would remind the committee that it is now almost twenty-five years since this Act has had a major overhaul. This revision, we understand, was undertaken largely as a result of an exhaustive enquiry which preceded it. We believe the time has come for the same procedure to be followed and the various sections and regulations of this Act thoroughly reviewed. This to supplement the specific enquiry requested earlier in this Brief. We have no doubt that a result of the findings of such a special enquiry will reveal the need for further amendments to the Act. Meanwhile there are certain amendments long overdue and, in our opinion, should be made without delay. The way could be left open then for further amendments after this committee has concluded its work.

Without going into detail, we might mention some of the most obvious amendments which are required.

1. The Act should be extended to provide for confiscation of overages in country elevator operation as is presently supposed to apply to overages in terminal elevator operations.

2. The provision for the offset of a shortage against an overage, as well as the further offset of an additional shrinkage allowance, in addition to the regular shrinkage allowance permitted under the regulations, should be deleted from the Act, in sections 139 and 140 of the revised statutes 1952.

3. Further amendments to section 139—subsection 2—and section 140 subsection 2—are also required. In their present form they provide that overages in grain should be confiscated and sold and the proceeds turned over to Her Majesty. Grain so confiscated is, after all, the farmers' property, and it has been through no fault of his that mismanagement or handling contrary to the regulations of the Canada Grain Act has occurred for these circumstances he should not be penalized by having property which rightfully belongs to him, confiscated to the Crown. Therefore, we would recommend that these sections provide that all grain overages, either in weight or grade, should be confiscated, and the proceeds from their sale be turned over to the Wheat Board.

It is not the farmers' fault that these things happen. The farmers do not want it. We have been asking for years for it to be stopped, but if it does happen, through somebody else's lack of management or mismanagement, we say that the farmer should not be penalized by having his property confiscated.

4. The sections dealing with the car order book should be somewhat revised and possibly a new section added thereto. The present provisions were designed to provide the farmer with the opportunity of ordering a railway car for his own use, or in combination with his neighbors, to be loaded at the railway platform. While this protection is not taken advantage of today to the same extent as when it was first applied, we would be reluctant to see the farmer lose this privilege. We suggest therefore that a further provision be made by adding a new section to that part of the Act to provide a farmer with the right to make up a carload either by himself, or by adding the quotas of his neighbors, and to order a railway car to come to the elevator of his choice for the purpose of loading such grain and shipping it out in his (or their) proper turn.

5. The operations of this Act ought to be extended to make legal provision for its operation in other designated areas of eastern Canada and should govern the sale of inferior types of screenings. Refuse screenings for stock feeding purposes ought to be prohibited by amendment to the Act.

6. The sections on grain mixing and grain drying ought to be closely reviewed.

7. We believe it to be in the public interest that sub-section 2 of section 3 of the Canada Grain Act be amended by deleting a more recent provision and replacing the original which requires the retirement of any commissioner at the age of seventy.

8. Clarification of the Canada Grain Act becomes necessary as a result of the ruling handed down by the Board of Grain Commissioners in connection with the Brancepeth Case last year. While the operations of the Canadian Wheat Board and the present Canadian Wheat Board Act, make it mandatory for a farmer to deliver his grain to the agents of the Board, which are, in practice, the local elevator agents, then provision ought to be made in the Canada Grain Act to require the elevator agent to take delivery of and to purchase all grain that is offered to him, provided he has space available for it and that it is not out of condition or liable to go out of condition. Allowing for these exceptions, the Act ought to be made abundantly clear and to leave no doubt as to the responsibilities of the local elevator agent on this point. The section dealing with "space available" ought also to be clarified, in view of present existing conditions.

I would like to add this. If you study the Wheat Board Act, you will see that there is no one else to whom you can sell your wheat today but the Canadian Wheat Board. There is no one else to whom you can deliver it but their agents. You are obligated to that. There are a few exceptions, but that is true of commercial grain. In connection with the Brancepeth case, it is argued that they are not obliged to buy. They are supposed to store it. There are many other provisions. We wonder where the farmers stand today under conflicting Acts of this kind. We think that an amendment to the Canada Grain Act must now be provided to bring it into line with the Canadian Wheat Board Act, which is more recent.

Producers Representation On Board

It has been the policy of the farmers' movement, over the years, to seek actual producer representation on boards and commissions, particularly those dealing directly with agricultural problems and matters affecting farmers. We believe there is ample proof of the need of immediate reorganization of the present Board of Grain Commissioners to this end. In making this suggestion we have only one thought and objective in mind—namely, more efficient administration of the Act to provide more equitable treatment of the actual producer.

At present one of the members of the Board, Mr. Roy Milner, is, and has for some time been serving as Transport Controller, on nearly a full-time basis, and we all agree he has a large and apparently a continuing responsibility to carry out in this regard. We have no objection to that; in fact, we recognize his value in this capacity and believe he should continue as the Transport Controller, but, due to the fact that legislation under which he was formerly appointed will lapse soon, it may necessitate a more permanent appointment.

Therefore, we feel the committee should recommend a replacement for Mr. Milner as a member of the Board of Grain Commissioners, since he no longer qualifies as a member under section 6 of the Act, reading:

The commissioners and the assistant grain commissioners shall, each of them, devote the whole of his time to the performance of his duties and shall not accept or hold any other office or employment or be interested, either directly or indirectly, as a shareholder in any company or partner in any firm or otherwise in any commercial dealing in relation to grain.

The first part of this section has a marginal note, "Whole time to duties," in which each commissioner and assistant commissioner is required to take an oath of office, and in the oath of office he gives his solemn pledge, under oath, that he will not, while being a commissioner, accept or hold any other office or employment. We feel it is completely unfair, both to the farmer and Mr. Milner himself, to expect him to carry on in his present untenable position as a commissioner.

We believe, for these very obvious reasons, a replacement is required, and recommend unequivocally that a farmer who carries the endorsement of the non-commercial farm organizations be appointed to replace Mr. Milner.

In addition to a replacement for Mr. Milner, we would recommend that the present board of three be enlarged to five members, and that the additional two new appointees be actual producing farmers carrying the endorsement of the non-commercial farm organizations.

I want to suggest something here, after listening to the evidence today about the inspections and the amount of work that it was not possible to do, particularly in the province of Saskatchewan. I do not know what has been done in Alberta, and I am not criticizing Mr. McLean. I think he has done the best he can. Any complaints we bring he tries his best to look after, but the job is beyond him, and some help from this commission would certainly be indicated from the question and discussions of the past few days. The two additional board members would not, of necessity, be required to serve full-time. If you want them to serve full-time, we would have no objection, but we are not asking for that. We would be content to have people there part-time to attend meetings as indicated here later.

They could be paid on a per diem basis for the days they are required to serve and need only sit in on the regular meetings of the Board of Grain Commissioners, held periodically, when matters of general policy are decided upon. The actual administration could continue to be taken care of by the three full-time members of the board, plus the present administrative personnel. The main point with which the organized farm movement is concerned is that we shall have a greater measure of direct representation on these important boards at the policy level. We desire to take this opportunity of informing this committee that we are becoming considerably more insistent on this point, as we can see no good and sufficient reason why farmers should not have proper and adequate representation on a board which is so vital in its operation to the agricultural industry, particularly in western Canada.

We sincerely trust that this point, among others, will be included in the recommendations to the government for suitable action when the committee makes its report to the House of Commons at the conclusion of its deliberations.

New procedure proposed at the public hearing of the Board of Grain

Commissioners

The farm unions, in the interests of farmers generally, have availed themselves of the opportunity of making representation to the annual public hearings of the Board of Grain Commissioners and although many of our proposals have not, as yet, been implemented, we are counting on some action being taken as a result. We were pleased to note that the Board concurred in our objections registered in protest to the increase in elevation charges requested by some of the companies.

Again last year a request to increase the handling charge and decrease storage costs was also successfully resisted on the grounds that elevation charges are mainly paid by the producer while, under the former International Wheat Agreement, a large percentage of storage costs, in the form of carrying charges, have been paid by the purchaser up to the present. Under the new International Wheat Agreement this procedure has changed to some extent, but we feel the principle still holds good and we hope that this committee will support us in our contention that grain handling rates should not be increased at a time when revenues to elevator companies are still extremely buoyant. In fact, we believe that with the very substantial excess profits which are shown in grain handling operations that some of these charges should be reduced rather than increased.

We would suggest a change in procedure for public hearings of the Board of Grain Commissioners; grain companies ought to be required to post their submissions well in advance so that interested parties may

study them and prepare their rebuttal prior to the hearing. This procedure is similar to that being followed by the Board of Transport Commissioners and others of general public concern.

I might say that when you come to a public hearing you don't know what the companies are going to propose. You go there with no previous information whatever as to what you should prepare. That procedure is provided for in a different way when you make submissions to other bodies. We submit that some change is indicated here.

Changes in Method of Preparing Annual Report of the Board of Grain Commissioners

While we appreciate the fact that there has been some improvement this year, in that the annual report was printed and distributed somewhat earlier than formerly, particularly in 1952-53, we would, however, suggest that the cut-off date for administration should coincide with the end of the crop year, and the reports be prepared and filed accordingly. This would permit earlier printing and copies of the report could be issued about the same time as the report of the Canadian Wheat Board. This would allow plenty of time for Members of Parliament and others interested to peruse these reports and do the necessary research work in connection therewith in advance of the representations being made to the Standing Committee on Agriculture and Colonization.

Grain Marketing

While there are several factors in the present grain marketing situation which are giving farmers and others definite concern, we wish to take this opportunity to indicate again our wholehearted support for the new International Wheat Agreement, and the principal of orderly marketing through the Canadian Wheat Board; and while we may, on occasion, be critical of certain administrative and policy procedures, we nevertheless desire to go on record as being firmly in support of the general principle.

However, there are some improvements and changes which we think deserve immediate and favourable consideration. Some of these are matters which can be attended to by the Wheat Board itself. Others no doubt fall under the category of matters of general policy upon which definite recommendations should be forthcoming to the government from this agricultural committee.

The need is urgent for some type of cash advances on farm-stored grain—a proposal that has been made on several occasions during the past few months. The need is urgent because there has been a very substantial decrease in western farm income (Saskatchewan farmers have been the greatest losers in the last twelve months, according to figures issued just a few days ago by the Federal Bureau of Statistics) and the interim payment, normally forthcoming in the month of March or April has this year not been paid. In other words, farmers have been placed in the position of having their pay-cheques withheld. Many farmers are short of ready cash.

I reiterate, Mr. Chairman, there are farmers who have got cash and will be able to carry on quite easily but do not again mistake the percentage of farmers who are in that position as being representative of all farmers generally.

There seems to be some confusion regarding the payment for the 1952-53 crop year which has just recently been made. The amount distributed has been referred to by certain men in public positions who

evidently did not take into account that this was a deferred payment which, in normal years, would have been forthcoming in November or December, but which, due to present marketing conditions, and the lateness of closing the 1952-53 pool account, has only just been paid. The final payment, then, is a deferred payment, as stated, and should in no way be confused with or mistaken for the interim payment on this year's crop, due earlier this year.

Grain Pricing

We would also ask the committee to recommend to the Wheat Board that a change be made in the present system of grain pricing, especially insofar as it applies to that share of our production which is consumed here in Canada. We contend that this grain should be priced at a figure equivalent to the cost of other goods and services required by the farmers.

We would definitely recommend that the Agricultural Price Support Act be amended to include cereal grains, along with other agricultural products and we would urge the government to put a definite price floor under cereal grains for the next crop year of not less than \$1.50 per bushel for wheat, 90c for barley and 60c for oats, up to a quantity equal at least to the long-time average yield.

Grain Storage Facilities

Having in mind the present congestion in grain storage, we are pleased to learn that the federal government has announced its intention to construct additional storage space at Port Churchill and we would strongly urge the government to consider further construction of publicly owned terminal elevators, either at the lakehead or the west coast, this year.

Since it is clear that still further permanent storage space is required to handle even average grain crops, we would also recommend that the committee investigate the possibility of some form of encouragement to grain companies for immediate construction of additional storage facilities by providing accelerated depreciation allowance on such construction, possibly over a three-year-write-off period. We would also recommend the encouragement of additional new farm storage facilities by accelerated depreciation where desired and the introduction of a special policy of loans for this purpose under the Farm Improvement Loans Act.

We would urge, however, that the question of off-site storage by grain companies be closely checked, and before this plan is further extended a further review be made of the possibility of paying farm storage instead—leaving the grain right on the farm in cases where it is desirable to do so.

Railway Shipping Rates on Grain

Under existing conditions, farmers residing on C.P.R. lines are denied the right of the shorter haul and the savings in freight on shipping grain to Port Churchill in a large area adjacent to territory where the rate would be favourable.

This is a distinct loss to a large number of farmers. A joint-through-rate from C.P.R. points over the Churchill route in the area where farmers could benefit from these shipments would correct this condition. We urge the members of this committee to do all in their power to bring this desired change into operation.

We have been concerned to note that on several occasions, over the past number of months, attempts have been made to discredit the Crow's Nest Pass Agreement. We, as spokesmen of western farmers, are not prepared to let such statements go unchallenged; and we trust that the members of the Standing Committee on Agriculture and Colonization will be ever on guard to see that these rights are maintained and continued as they are part of and involve many other concessions which were given to the railroad in return for this agreement, quite separate and apart from the actual rates themselves.

These wider issues should never be lost sight of, and every opportunity should be taken to remind the general public of the background and history of this particular agreement, and to see that they remain intact.

Greater Use of Port Churchill

We would further suggest that every effort should be made by the Wheat Board to use, to the maximum, the facilities at Port Churchill for this and subsequent years. At a time when agricultural prices are declining, the very substantial saving of approximately 91.2¢ per bushel is an important factor in the more extensive use of this midcontinental port. It also provides cheaper ocean shipping rates and reduces the cost to our customers, which is an additional point in its favour at this particular time.

Voluntary Requisition

We would again urge upon the committee the desire of the farm unions to have the voluntary requisition provided by amendment to the Canadian Wheat Board Act to make provision for any farmer who desires to do so, to voluntarily sign a requisition for the payment of his annual membership dues to the farm union and have same deducted from the payments of his grain. Some may argue that this would result in some additional expenses so far as the Wheat Board is concerned; we would like to emphasize that the farm unions have on former occasions, and again now, indicated our willingness to take care of any additional expenses involved in connection with this plan.

Others criticising the proposal claim that this would open the door for wholesale assignments. This is not according to the facts. To begin with, there is no new principal involved. Already deductions are made in the form of P.F.A.A. payments which are charged to the farmers' account, and secondly, we are not asking or seeking blanket orders or requisitions of a miscellaneous nature. We are asking for one specific type of deduction to pay for a clearly-defined service, and limited entirely to the payment of the farm union dues. This proposal is gaining in support, and we see no justifiable reason why it should be further delayed. After all it is the farmer's money, and we are sure the government would have no objection to our allocating our own funds as we desire.

The unclaimed monies in the Wheat Board account is another matter we would like to comment upon. While we are not opposed to the idea of scholarships, we also feel that at least a portion of this money ought to be made available to assist in financing the non-commercial farm organizations, especially those in the sections of Canada from which the grain originated.

Just to divert for a moment, Mr. Chairman, I wish to refer to a statement made in one of the briefs presented by Mr. Mills the day before yesterday in

which he sought to obtain the support of the committee for some changes in the Act or regulation, concerning the hours of work. While I have a great deal of sympathy for the proposal and see some justice in the claim made, I think it was not the best argument to bring forward as a means of making more equitable the distribution or the allocation of space for smaller farmers. I think the answer to more equitable distribution of quotas and available space lies in more equitable distribution of boxcars and quotas rather than in shorter hours. Although I think in some cases shorter hours are to be desired I do not think that proposal is a substitute for a more equitable distribution of boxcars and the basic quota itself.

Delivery Quotas and Distribution of Box Cars

While there has been some improvement in the method of handling the quotas during the past year, we sincerely believe there is room for considerable further improvement. At some points farmers have not, as yet, obtained sufficient elevator space or boxcars to deliver all of their first five bushels, while at other points, delivery quotas have been raised to as much as seven bushels.

In order to maintain equity, farmers ought to have one of two choices—either boxcars should be made available to points where deliveries are not up to average, or if more equitable distribution of boxcars cannot, for some reason, be obtained, then the points that have considerable additional room should be declared alternate delivery points, in order to provide additional space for farmers who have not had an opportunity to deliver their share.

The real answer lies, we feel, in a better distribution of the boxcars and it is up to the transport controller to issue directives both to the railway companies and to the Wheat Board itself. We realize that there are occasions when special types of grain are desired from specific areas, more especially at certain seasons of the year, and we are not averse to that if, in the opinion of the Wheat Board, it will result in an overall advantage. However, at the same time, the difficulties faced by individual farmers in many areas must also receive due consideration and they must be given an opportunity to even up their deliveries on an equitable basis at the earliest possible opportunity.

I want to comment on the report to us this afternoon. We were particularly interested in this report given by Mr. Milner to the committee this afternoon and I was very pleased to hear that some further and definite steps will be taken to correct this condition which he realizes is inequitable to many areas just as we realize it. We are prepared to cooperate with Mr. Milner in the carrying out of the program he outlined this afternoon. We realize its difficulties, but as I say, I think these can be met in the manner indicated.

Appointing Farmer Representatives to the Canadian Wheat Board at the Policy Level

We would like to take this opportunity of expressing to this committee our keen disappointment in the fact that a representative of the farmers was not chosen as the additional member recently appointed to the Wheat Board. We wish to make it clear that we bear the new appointee, Mr. Walter E. Robertson, no ill-will, nor are we averse to the Wheat Board securing the best talent and experience possible on the administrative level; but we do feel that since the grain being handled is the farmers' property and many of the regulations being made by the Wheat Board vitally affect not only the financial position of farmers, but their everyday life insofar as deliveries quotas, etc., are concerned,

that in view of this, plus the fact that the farmers are bearing the expense of administration, including the salaries of the board members themselves, there is no justifiable reason why the farmers, as a group, should not have direct representation on the Board at the policy level. In the case of Mr. Robertson's appointment, we would point out to this committee, as we did to the Minister concerned, that the non-commercial farm organizations were never consulted, nor were we given an opportunity to endorse or otherwise this appointment.

We would therefore urge that the Board be increased to five members, and the new appointee be endorsed by the non-commercial farm organizations of the prairies.

Now, on page 20, there is a summary of the points that I have covered in this brief.

The CHAIRMAN: May I suggest possibly that we print this and take it as read. It is just a summary.

The WITNESS: I was going to suggest that.

Summary

1. Convening of a regional or national conference to seek ways and means of expanding existing markets and of finding new markets for agricultural products;

2. Cash advances on farm stored grain;

3. Immediate amendments to Canada Grain Act, pending complete review;

4. Appointment of commission to investigate all phases of grain handling, inspection, weighing, overages, etc.;

5. Confiscation of grain overages by the Board of Grain Commissioners and return of the proceeds to the farmers as part of final payments on the basis of deliveries; and provision in the Canada Grain Act for the confiscation of overages in country elevators, as well as in terminal elevators as at present;

6. Closer supervision by the Board of Grain Commissioners of the sale of screenings by elevator companies and the prohibition of the sale of inferior screenings;

7. Extension of the Board of Grain Commissioners' jurisdiction to include eastern Canada as far as inspection services are concerned, so as to protect eastern purchasers of feed grains;

8. Producer representation on Board of Grain Commissioners and Canadian Wheat Board;

9. Better distribution of box cars as the real answer to the inequitable distribution of grain delivery quotas;

10. Elimination of diversion charges;

11. Endorsation of the principle of orderly marketing through the Canadian Wheat Board, the new International Wheat Agreement and promotion of the maximum use of Port Churchill;

12. Parity price for wheat on home market and guaranteed floor price on grain for export.

13. Voluntary requisition for payment of farm union dues from grain receipts.

I want to now jump to the closing paragraph and say this:

We appreciate the opportunity of making our annual presentation to this Committee. We have made every effort to make our suggestions and criticisms constructive and to the point and we sincerely hope,

speaking on behalf of the farmers and farm women, that suitable remedial action will be taken following a favourable report from this important Committee to the Government of Canada. If there is any further information required, we will do our utmost to supply same or, if we do not have it readily available, will co-operate with you in obtaining same if it is available or, if there are any points on which you require further clarification, we will be pleased to answer any questions to the best of our ability.

All of which is respectfully submitted on behalf of the Interprovincial Farm Union Council, composed of:

THE ONTARIO FARMERS UNION
THE MANITOBA FARMERS UNION
THE SASKATCHEWAN FARMERS UNION
THE FARMERS UNION OF ALBERTA
AND B.C. BLOCK.

The CHAIRMAN: Thank you, Mr. Phelps.

You have all heard the brief. Are there any questions to Mr. Phelps now?

Mr. WESELAKE: On page 2 of the brief the statement is made that the net farm income had been reduced by 14 per cent. I think that your figure should be brought into its proper perspective and the record clear on that point in that the physical volume of agricultural products in 1953 declined by 6 per cent, and there was a 4 per cent reduction in the farm labour force which would have an effect on that figure. The authority for that is the budget report itself and also a Dominion Bureau of Statistics bulletin which I have.

By Mr. Argue:

Q. Could Mr. Phelps tell the committee briefly what the financial picture in Saskatchewan is at the present time as far as farmers having ready cash is concerned and merchants going on a cash basis? What is the general credit and cash position across the province?—A. Quite frankly I had no thought it was as serious as it is being reported to me. When some of the towns started to go on cash, as I say, I did not take it too seriously, but those who have been out recently are reporting to me where these towns are going on cash they really mean it. In some of them you cannot get a barrel of gas unless someone is to pay for it by cash. There have been several such cases of that kind. It is certainly creating a hardship on a number of farmers. We have not been able to assess it to find out the percentages yet, but it does seem to us to be a percentage to the extent of causing considerable concern.

Q. Is your organization giving some continuing thought to a possible solution?—A. In our organization we are taking steps now. As you know, we are concerned about the livestock market. Hogs are exceptionally good today, but cattle are not. We are starting, after consultation with some of the federal representatives here, to get on a federal-provincial basis. We hope to give some support to our livestock industry eventually in that way. That is, of course, a long range matter. We have asked for cash advances in those cases where it is needed. That is not a solution itself; that is an advance payment. But, on the other hand, if delivery conditions were such that a farmer could deliver his grain he would receive that income. There are several things we think can be done. We have outlined some of them here and will be prepared to sit down with this committee or any other group and make some further recommendations.

A further thing that we would like to draw to your attention is contained on page 16 where we are suggesting the price support include cereal grains and that a definite floor price be put on these grains at this time and particularly coarse grains. I think that you will realize that very little if any further

payments will be forthcoming on some of the types of coarse grains. Therefore, we think that some price stability for coarse grains is indicated at this time in the form of definite floor prices.

Q. Are you suggesting that approximately the present initial prices be kept in effect?—A. That is substantially what we are thinking. I think that we are led to that opinion from the action of the government itself and by their policy and statements from time to time. They want to stabilize things and keep things up rather than to let the whole thing tumble down, and we think that one of the proper things to do is to put some stability and floor under agriculture products particularly cereals and grains.

Q. If a farmer has a cash asset on his farm which is mainly grain, and with falling markets and large crops and so on which make it impossible for him to sell sufficient quantities of it in order to maintain a reasonable standard of living for his family, and in view of the fact that the farmer must have advances and initial payments for purchases made of grain while it remains on his farm, do you not think that as a matter of principle the farmer should not have to pay the interest charges in such an emergency situation as that?—A. I think that is a perfectly sound approach. For instance, off-site storage grain is an outstanding example. A farmer may live in an area where there is an off-site storage building available and he will transfer his grain from his own granary to the off-site storage granary; and if that is true in one case why shouldn't it be true for those farmers who need cash advances and still keep their grain in their own granaries and leave it where it is until it is needed. The interest paid upon advances might be absorbed by the nation as a whole; otherwise the farmers would deliver their grain if there was normal conditions.

By Mr. Stick:

Q. Mr. Phelps spoke about guaranteed prices; would that help the cash situation which he mentioned a moment or two ago?—A. No, I do not think so except that if coarse grains got any lower, and unless the wheat board lowered its initial payments. It would not affect the price at all as long as the wheat board maintains initial prices at the present rate. That is what we are saying here pretty well.

Q. If you had a guaranteed price for your grain?—A. That is to say a floor price?

Q. Would that help the farmer to get more cash than he gets at the present time? Would it give him a better credit standing, so to speak?—A. I think it would help his credit standing because it would give the farmer confidence, and others confidence, because there is a jittery feeling and that is why I asked that the press do not take it down because I did not want to extend it as far as I am concerned.

Q. You think that a floor price would help the farmer to get more cash with which to carry on?—A. I think so, yes, more stability, yes.

Right Hon. Mr. HOWE: Are you suggesting that there is no floor price now?

The WITNESS: No. There is a floor price. We admit that.

Mr. ARGUE: For two and one-half months.

The WITNESS: Until the end of this crop year. And I noticed that you have not made any commitments from there on.

Right Hon. Mr. HOWE: We hope that we can pay you more, but we fear that we may have to pay less.

The WITNESS: That is good. That is the best news we have had in the last few days.

Mr. BLACKMORE: Does the floor price apply to coarse grains?

Right Hon. Mr. HOWE: It is a good floor price if you can take your grain in and get cash for it, is it not?

By Mr. Blackmore:

Q. I want to make sure what Mr. Phelps meant to convey. He spoke of the interest the farmer would have to pay for off-site storage.—A. Yes.

Q. He mentioned, I think, that that should be borne by all the farmers, which would mean that it should be borne by the wheat board.—A. It is being borne now; on the storage of grain, off-site or wherever it is—the Board of Grain Commissioners accepts all the charges at the same rate of storage, and of course the same interest on the money that is advanced is paid. That is all absorbed by the wheat board and apportioned back eventually to all the farmers as a whole, as you know.

By Mr. Studer:

Q. The Dominion Bureau of Statistics Bulletin for May 7, 1954, on the subject of "Food and Agriculture" has this to say:

Farm cash income from the sale of farm products and from participation payments on previous years' grain crops aggregated \$2,741,300,000, 3% below the revised and now all-time high estimate of \$2,826,600,000 in 1952.

If that is the situation, would you care to comment why the situation should be such in western Canada? And then I have here the amount of money in operation.

The CHAIRMAN: You mean the amount of money in circulation.

By Mr. Studer:

Q. Yes, in circulation within a period of one year. Would you care to comment on why that would be down when it is within 3% of the all-time high?—A. I think that the chief answer to that question is the high operating costs. It just seems to have got to the point where operating costs on the farm are pretty near out of this world. Some may say that certain farmers over-bought such things as too much machinery and acquired too much capital equipment. There may be individual cases where that happened, but I do not think it is a general thing. I think the important thing is that operating costs have been so high that the farmers have not, in actual practice—it is true that some have, but let us be fair about it; some have enough to take care of that and provide some reserves—but the average farmer is not able to do so. Perhaps Mr. Gray would say a word to you about that.

Q. On the same bulletin, on the same page, it says:

Total farm operating expenses in 1953 were estimated at \$1,538,300,000, 3 per cent below the peak of \$1,582,200,000 in 1952,—

Could you not give us the net cash income and let it go at that?—A. You are using the gross figures; that is the total amount of money paid to the agricultural industry?

Q. But still the percentage figure would be relative, irrespective. It would be relative to the gross or to the net in regard to farm operating costs and farm income?—A. I am not questioning the figures; in fact, they are not to be questioned. I take it they are from an authentic source. But I would say that the net result of what happens is that a large percentage of farmers have not got sufficient money with which to carry on.

Q. I shall not argue that point and I would agree with you in connection with the credit unions. I have one of the largest credit unions in my area in Canada and they have over \$500,000, which is a large amount for a credit union, loaned out on grain to farmers. I agree with you and I am worried along with you over this position.—A. Do you want to say something about this, Mr. Gray?

Mr. GRAY: Yes, Mr. Chairman. I have a press despatch for Monday, May 3, from the Saskatoon *Star Phoenix* which reads as follows:

Canadian farmers' net income declined by 13 per cent to \$1,656,-600,000 in 1953, as gross earnings fell more sharply than operating expenses and depreciation charges.

The 1953 total, down \$244,200,000 from \$1,900,800,000 in 1952, was 23 per cent below the 1951 all-time high of \$2,154,500,000, the bureau of statistics reported today.

I shall not waste the time of the committee but I will file it if you wish.

I won't waste your time reading it all; it says:

Although the build-up of the livestock population and stocks of grains on farms continued during 1953, it was at a much slower rate than in the last few years.

Farm operating expenses slipped by three per cent to \$1,538,300,000 from the 1952 peak of \$1,582,200,000, but still seven per cent higher than the 1951 total of \$1,434,300,000.

Saskatchewan's net income last year dropped by \$90,500,000 to \$474,-300,000. Other provincial totals with 1952 figures in brackets:—

When your income drops 23 per cent, that is almost one quarter, and it is quite unreasonable to suppose that western farmers had one quarter of their income as clear profit in 1951, because they did not. We would have had a tremendous burst of prosperity if we had had 25 per cent of our income that we didn't know what to do with. But now it is down 23 per cent from that point.

Right Hon. Mr. HOWE: What is your authority? Is that the Saskatoon *Star Phoenix*?

Mr. GRAY: No. They are quoting from the Dominion Bureau of Statistics in Ottawa, and the figures originate in Ottawa. The people in the west do not need to go to the *Star Phoenix* because we realize, as we go around the country, that different farmers probably have grain for sale but they cannot finance the price of other things which have definitely not come down. Take "Farm Fertilizer", which is at an all-time high. In fact it has got so high that most of the farmers cannot afford to buy it any more. The situation is quite bad, and I am thinking about the servicing of municipal debts.

Mr. CASTLEDEN: You are talking about 1954?

Mr. GRAY: No, the past year. They did not have any money with which to pay their taxes in 1953.

Mr. CASTLEDEN: For all of 1953? Then 1954 will be worse?

Mr. MANG: May I ask to what extent the provincial government is interesting itself in the present cash situation of the farmers? Are they making any survey or are they thinking about plans whereby they might assist municipalities and assist in putting in crops, in cases of necessity?

The WITNESS: Yes, Mr. Mang. You will be interested to know that we were to meet with the premier and the Minister of Agriculture on some of those matters less than ten days ago; and if conditions do not improve we will likely be there again before very long. So we are keeping that matter in mind as

well as some assistance from them in regard to a livestock marketing program, that is rather a long range proposition, but it will be here in a matter of months and now is the time to prepare for it.

Q. But there is a survey being made now?—A. Yes.

Q. By the municipal?—A. I do not know whether it is the municipal authorities, but the Premier and the Minister of Agriculture told us that they were interested in a survey themselves: it was now in progress. I do not know what machinery they were using, but we will be pursuing that further in a few days.

By Mr. Cardiff:

Q. We in the east are interested in feed grain. Has your union found any way by which we can buy that grain at a price where we can feed it at a profit?—A. This is a good question because if you cannot feed it at a profit you might not feed it.

Q. Exactly.—A. In our brief we make a suggestion. We discussed with various departments—Mr. Howe lent his support, and Mr. Gardiner—making arrangements so that we can effect direct shipments. At first they said it could not be done, but we made an arrangement by which it can be done. It is by a circuitous route, but it can be done. We hope that more eastern farmers would take advantage of it. We would be glad to discuss with you how they have told us it can be done. Anyway, we think you would eliminate middlemen's profits at least, and you would get the grain direct and you would get the advantage of the freight subsidies which are now paid to the individual. That was secured last year through the efforts of co-operation again. It might have been available before and not made use of—I do not know—but with those different plans dovetailed together, I think something could be done along those lines.

Right Hon. Mr. HOWE: Perhaps Mr. Phelps would be glad to give you a bargain price.

The WITNESS: We have some we would be glad to get rid of.

By Mr. Castleden:

Q. Regarding your statement on voluntary requisition, have you had any arguments presented to you from the Wheat Board, or any correspondence which has discouraged you, or are you still pushing for that 100 per cent?—A. We are certainly pushing for it 100 per cent, and so far the Wheat Board has not been willing to endorse the plan. However, it is a matter of government policy, as they say, and that is why we are taking it up at this level. I do not see any reason why there should be any reluctance in view of the arguments in the brief. It is the farmers' money. We offered to pay any additional expenses involved especially in view of the fact that the government has now adopted a similar plan in principle in deducting from other unions in the civil service for dues to those unions from pay cheques, I think the principle is there in another way. Of course the government is not our employer in quite that sense, but it is getting close to it when it is the Wheat Board that we have to look to for the money.

Q. You are willing to pay all the costs of collection?—A. Yes.

By Mr. Studer:

Q. What relationship would this Rand Formula, if applied in Saskatchewan, that you have been advocating to the provincial government, have to the voluntary requisition? Would it displace it or be in conjunction with

it, or do you wish both?—A. We wish both of them. They are complementary one to the other. For instance, the so-called Rand Formula or the land taxes we are proposing was never intended to provide sufficient finance to maintain the organization. Many of us believe that there is something in having an organization maintain itself by its own efforts.

Q. If this voluntary requisition were obtained, would you still apply for your Rand Formula in Saskatchewan?—A. Yes, but our membership then would likely be reduced to a flat rate, because that would take care of the larger farmers. Our membership fee, it has been suggested, would be around \$5 or \$6, but a flat fee, and that would apply in a requisition to pay for the annual membership dues. There would still be annual dues for those who want to belong to the union.

Mr. BLACKMORE: Is it the committee's intention to go back to the beginning of the brief and ask questions on the succeeding paragraphs right through it? We are now scattering our questions all over and not covering it in a detailed way. Perhaps I might also ask this: Are we going to proceed with the discussion of this brief at a later time?

The CHAIRMAN: I am in the hands of the committee, but the hope was that we might free the farmers' union delegation tonight, and I did not think that we would have to go through the brief section by section. I thought that possibly most members would have made notes of the points that they wanted to use, and they could refer to their points as they go along, but it does not make much difference to me.

Mr. BLACKMORE: I have a number of questions I would like to ask, but I am looking at this clock. It is now a quarter after ten. I was wondering if we had any idea as to when we would terminate this meeting.

The CHAIRMAN: I have been trying to avoid looking at the clock for a little while now.

Mr. STUDER: Many of these things have already been discussed, and I would suggest that we try to cover what is left so as to free these men.

The WITNESS: I think that Mr. Studer's point is well taken. Many of these points have been covered in the past few days. You have covered them in discussion, but if there is something new or any question on which you would like our opinions, we are at your service.

The CHAIRMAN: Mr. Blackmore.

Mr. BLACKMORE: I would rather let other members have an opportunity. I would not want to monopolize the time.

Mr. ZAPLITNY: There are several places in the brief where you mention "non-commercial". Could Mr. Phelps elaborate on that, so that we would know just what is meant by that term? What is the distinction between a non-commercial farm organization and one which is considered commercial?

The WITNESS: I think it is very easy to classify them. What we were referring to there is farm organizations that do not concern themselves with commercial profits, and there are organizations in that category, namely, the farmers' union. There are other farmers' organizations that are in the commercial field. We think that there should be a clear-cut distinction, because they serve two specific purposes and are quite different.

By Mr. Stick:

Q. You mean co-operatives?—A. Yes.

Q. That would be the commercial, in other words?—A. Yes.

By Mr. Harkness:

Q. Near the top of page 15 you say:

In fact, we believe that with the very substantial excess profits which are shown in grain handling operations that some of these charges should be reduced rather than increased.

What do you mean by "excess profits" there?—A. I do not know whether the term "excess" would mean something relative. Maybe you could take it the way the farmer thinks. We were looking over the financial statements of the various grain companies and, whether or not it is excess, we think that they are quite substantial, and the profits that they have been showing, in our opinion, do not justify asking for increases in the charges and fees at this time under those conditions. That is the main point we wanted to make.

Q. The word "excess" actually should not be there then?—A. I think that maybe your point is well taken. It is superfluous.

The CHAIRMAN: Are there any more questions? If not, I will thank Mr. Phelps and his delegation for presenting the brief.

We will meet sometime on Monday. What is the wish of the committee? Would you prefer morning or afternoon?

Right Hon. Mr. HOWE: Let us meet both morning and afternoon.

Mr. ARGUE: You are a hard worker.

The CHAIRMAN: It is Monday morning?

Mr. ARGUE: Let us leave it to the chairman.

The CHAIRMAN: I will see what I can arrange, and on Monday we will go on with other presentations and then finish with the report.

The committee adjourned.

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HOUSE OF COMMONS

Government
Publication

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

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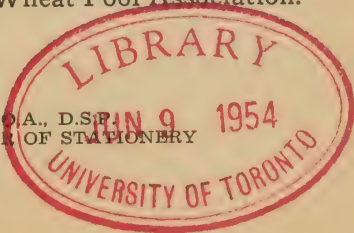
The Report of The Board of Grain Commissioners for Canada
for the Year 1953

MONDAY, MAY 17, 1954

WITNESSES:

Mr. J. E. Brownlee, President, United Grain Growers Ltd.;
Mr. Ben S. Plumer, President, Alberta Wheat Pool Association.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
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OTTAWA, 1954.



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(Quorum 20)

E. W. INNES,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

MONDAY, May 17, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Batten, Blackmore, Bryson, Byrne, Castleden, Charlton, Dinsdale, Gour (*Russell*), Harkness, Harrison, Huffman, Johnson (*Kindersley*), Jutras, MacKenzie, Mang, McBain, McLeod, Montgomery, Purdy, Stick, Studer, Tucker, Weselak, White (*Middlesex East*), and Yuill.

In attendance: The Rt. Hon. C. D. Howe, Minister of Trade and Commerce; *From The United Grain Growers Ltd:* Mr. J. E. Brownlee, President; Mr. H. L. Griffin, Economist; Mr. P. C. Watt, Assistant General Manager; *From The Alberta Wheat Pool Assoc.:* Mr. Ben S. Plumer, President; Mr. G. C. Griffin, Eastern Sales Manager; and *From The Board of Grain Commissioners:* Mr. R. W. Milner, Commissioner and Transport Controller; Mr. J. Rayner, Director of Administration; and K. Hlynka, Secretary.

Mr. Brownlee presented the brief of United Grain Growers Ltd., and was questioned thereon.

The witness agreed to supply to the Committee certain statistics regarding storage facilities.

At 1.00 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Anderson, Argue, Blackmore, Bryson, Byrne, Cardiff, Castleden, Charlton, Dinsdale, Gour (*Russell*), Harkness, Harrison, Huffman, Johnson (*Kindersley*), MacKenzie, MacLean, Mang, Massé, Matheson, McLeod, Montgomery, Purdy, Stanton, Stick, Studer, Tucker, Weselak, White (*Middlesex East*), and Yuill.

In attendance: Same as at the morning sitting.

The examination of Mr. Brownlee was concluded, and he was retired.

Mr. Ben S. Plumer was called and began the presentation of The Alberta Wheat Pool brief.

At 6.00 o'clock p.m., the Committee adjourned until 11.00 o'clock a.m., Tuesday, May 18.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

MAY 17, 1954,
11.00 A.M.

The CHAIRMAN: Order. I believe we can now begin. As previously announced, this morning we will hear from the United Grain Growers Limited. I would like to call on Mr. J. E. Brownlee, president of the company, to come to the table, and with him he has Mr. H. L. Griffin, economist, and Mr. P. C. Watt, assistant general manager. I believe that everybody has a copy of the brief. If not, there are copies here available. I would ask Mr. Brownlee to proceed.

Mr. J. E. Brownlee, President United Grain Growers Limited, called:

The WITNESS: Mr. Chairman and members of the committee, I want first to thank you on behalf of the directors of our company for the courtesy of your invitation to appear at this meeting of the Committee on Agriculture and Colonization. When the committee was first called together this year our directors felt that we had no particular comment to make. Our organization has followed for many years the various developments which have led to the building up of the Canada Grain Act to its present form; those efforts being the co-operative activity of members of parliament, members of committees such as this, along with the various farm organizations. We feel that the Act as it now stands is a workable Act and we have no amendments to suggest.

During the past year, however, public attention has been directed to certain phases of operation of country and terminal elevators, and more recently there has been some comment about a statement tabled before the members of the House of Commons dealing with overages and shortages in country elevators.

Mr. HUFFMAN: May I suggest that Mr. Brownlee be seated while he makes his presentation?

The CHAIRMAN: If you wish to be seated, it will be quite all right. The room is not a very big one.

The WITNESS: I think, with your permission, I would just as soon stand.

The CHAIRMAN: That is all right.

The WITNESS: So we felt that possibly in courtesy to the members of the committee, as well as a matter of duty to our own members, we should have a word to say about some of the subjects which have been discussed during the past week.

First of all, I think I should say a word about our company. Those from the west probably know it quite well; others may not be so well acquainted with it. Our company was organized in 1906 as a part of the effort of those early days in western Canada to improve grain marketing conditions for western farmers. For nearly 50 years the company has been part of the organized farm movement of the west. I may say that we have contributed literally hundreds of thousands of dollars by way of grants to the non-commercial organizations. Our company is entirely farmer, controlled, and owned, with some 48,000 members across the prairies. It is incorporated strictly on the Rochdale co-operative principle, with the various basic principles which go with the Rochdale form or organization, such as "one man, one vote", and the return of surplus by way of patronage dividends to members. I may

say that each year some 310 delegates representing locals of our farmers members across the prairies are brought together, either in Winnipeg or Calgary, at annual meetings at the expense of the company, and they spend some time in examining all details of the operations for the year. Two years ago, and again last year, the position of the company with respect to overages was fully explained to the delegates and was endorsed by them. We insist, sir, that our business is being properly and lawfully conducted and that we are not making as a company any exorbitant or improper earnings at the expense of the western farmer. Indeed, the grain business today is in the unique position that, despite general increased costs and the inflationary trends of recent years, it is still operating with no increase in those basic elevation and storage charges which fall directly upon the farmer and which are part of his operating costs.

Now, Mr. Chairman, before coming to Ottawa I had thought that the principal question of interest to the committee was that of grain overages, and a statement on that has been prepared and has been distributed, but, before reading that, I would like to make a very brief reference to two questions which came up in the submission made by Mr. Mills on behalf of the employees of the Saskatchewan Wheat pool. I do not refer to these points in any sense of criticism, but rather that you should not form any wrong conclusions about our company as employers of labour. The two questions to which I refer are hours of work and dust collecting equipment. You will remember that Mr. Mills spent some time on those two questions.

Now, dealing with the first questions, hours of work, may I say very briefly that as a company we are in entire sympathy with what Mr. Mills had to say. We think the time is coming closer and closer when our agents—or, as I prefer to call them, our local managers at country points—will be able to enjoy regular working hours. The only question is how to bring it about. When our company brings together our elevator agents,—and we meet them all at least once every two years,—meeting half one year and half the other,—I have personally said to them on more than one occasion that we desire them to be active in trying to reach an agreement with the other agents at their respective points with respect to the hours of work. I doubt if it is possible at the moment to do more than that, because it must be remembered that western Canada as yet, in some parts at least, is not fully developed, and I could mention points where farmers still have to deliver over indifferent roads as much as 15 or 20 miles, or in some parts even further than that. For example, at Dawson Creek, in the Peace river block, farmers deliver from as far away as 150 and 200 miles or more. I think it would be very difficult for the Board of Grain Commissioner or for Parliament by legislation to provide any hard and fast rule with respect to hours without putting the Board in a very difficult position with regard to enforcement. We believe that by encouraging these local agreements for the time being we are making a step forward in that direction.

Then, with respect to dust collecting equipment, I point out that the development of the combine and the large truck and the more rapid delivery to country elevators has made that problem more acute in recent years. The grain comes into the elevator much dirtier. Some six or seven years ago we started experimenting with dust collecting devices in country elevators. You probably are aware that our terminal at Port Arthur is completely equipped, at a cost of some \$450,000. The first devices installed did not work very well and had to be removed, but recently another device has been manufactured for us. We have 25 of them now at various points in the west. We are watching the work of these devices. We are also watching another type, which I believe, among others, the Alberta Wheat Pool has installed, in the hope that in the course of three or four years we will be able to decide upon some piece

of equipment which will take care of the dust in country elevators with reasonable satisfaction. As soon as we have satisfied ourselves on that point, we will proceed with the installation as rapidly as we can.

Now, Mr. Chairman, having made those two comments I wish to proceed with the reading of this submission:

The attention of the committee has been directed to grain shortages and overages at country elevators in western Canada. A statement of the views and a record of the experience of United Grain Growers Limited may therefore be of interest.

During 1951 and 1952 some public attention was directed to this subject. Misunderstanding and misinterpretation to a certain degree had arisen in connection with various figures which had been published. Our company had occasion to discuss the subject at length, at public tariff hearings of the Board of Grain Commissioners in 1951 and 1952; at a number of local meetings of shareholders and customers; at the annual meeting in 1952. We gave wide circulation throughout western Canada to a pamphlet published in 1952 and giving detailed information and figures as to our own Company's experience. This information appears to have proved satisfactory and we have recently found no evidence of further interest or concern on the part of shareholders or customers.

What I have to put before your committee today carries the endorsement of our board of directors and also that of our shareholders, expressed in annual meeting.

GRAIN SHORTAGES AND OVERAGES

There is a problem of grain shortages and overages. It lies in the fact that the quantity of grain sold by an elevator company cannot correspond exactly with the quantity bought; that the quantity of grain weighed out of a country elevator will not correspond exactly with the quantity weighed in, at the terminal where the delivery point must be.

Such a condition necessarily arises from the fact that western grain is handled in bulk and under grades. It is an excellent system, one which commands admiration throughout the world for its efficiency and economy and for the high standard of grading that is maintained. As the system developed various problems were encountered and solved, the solutions being embodied in the Canada Grain Act and in regulations of the Board of Grain Commissioners. The solution of this particular problem we believe has been both correct and satisfactory.

GROSS WEIGHT SHORTAGES AND OVERAGES

Leaving the grading system out of the question for the moment, shortages and overages develop because grain is handled in bulk. If commodities are sold in packages or by units they are subject to counting, and, barring accident, the count can be expected to remain unchanged from one time to another. It is different with weighing of grain. Grain is weighed when it is received at a country elevator, not by itself but along with the truck in which it has been transported, and along with the foreign matter or dockage which it contains.

That is, over the scale of the country elevator.

To get at the weight of grain as unloaded, deduction has to be made for the tare weight of the truck, ascertained at the time by actual weighing. A further deduction of shrinkage allowance is made to arrive at what is described as "gross weight", including net grain and a certain percentage of foreign matter described as dockage.

The same grain will be weighed again, not by itself but mingled with other truckloads, and on other scales.

At a terminal elevator the whole carload of grain is elevated into the hopper of a scale and weighed at one time. From ten to twenty different truckloads of grain as received at a country elevator will be combined in a carload as weighed at a terminal. Not all the grain from one country elevator will go to the same terminal. Some will be still on hand in the country at the year-end, and may be weighed again in the elevator there, but on a different scale. No matter how accurate the different scales, no matter how carefully weighing is done, the results of these different weighings will not exactly correspond. Weighing on different scales at different times under different conditions and by different persons is bound to produce some differences in recorded totals.

INCLUSION OF INVENTORY RECORDS

The actual shortage or overage in handling grain only develops when handling has been completed; results for a country elevator will depend upon forwarding grain to a terminal subject to whatever loss may occur from loading and shipping it.

In making up a year-end statement the existing inventory of grain in country elevators will be taken into account. But the actual shortage or overage on that grain will only be determined when it is shipped. Consequently caution has to be exercised in drawing conclusions from statements relating to a single year when country inventories are large.

May I interject here to say that at the present moment, because of the surplus condition in western Canada, out of our total line—and I should have told you our line consists of 675 country elevators with a terminal at Port Arthur and a terminal at Vancouver—out of our total line of 675 elevators, I think there are well over 200 that have not been weighed up for two years because we do not have the room to do it and a considerable portion of the balance have not been weighed up for over a year so that the inventory statements for the last year or two cannot be too exact.

“INVISIBLE LOSS” AS A SOURCE OF SHORTAGES

Each time grain is dumped into a pit, elevated to the top of an elevator, transferred from one bin to another, put through cleaning machinery, spouted into a railway car or shipped by rail from one point to another, some loss of weight is inevitable. Dust and chaff originally in the grain and other dust created by abrasion may blow away at one time or another; small quantities of grain may be left in spouts or on sills; moisture may dry out from grain or from weed seeds contained in it (moisture may also be absorbed by very dry grain from damp atmosphere); an unnoticed leak in a railway car may dribble some quantity of grain along the railway right-of-way. The quantity of grain which reaches a terminal elevator from a country elevator must fall short of the quantity received at the country elevator. The difference is described as “invisible loss”, and it may vary in extent from one elevator to another and from one year to another. Consequently a “shrinkage allowance” is provided, which will be described after first recording this Company’s weighing experience; that is, actual physical weighing.

WEIGHING EXPERIENCE AT U.G.G. COUNTRY ELEVATORS

Weighing experience as to grain received at U.G.G. country elevators during a five year period is as follows:

On the left-hand side, we give the years; then the headings, Grain Unloaded, Grain Accounted for, and Weigh Deficiency. Without reading all the figures, you will see that in 1946-47 we had an actual weight deficiency of 78,269 hundredweight; in 1947-48, 19,103 hundredweight; 1948-49, 132,808 hundredweight; 1949-50, 77,174 hundredweight, and in 1950-51, out of total handlings unloaded at country elevators of 32,011,357 hundredweight, we had an actual weight deficiency of 121,747 hundredweight.

	Grain Unloaded (Cwt.)	Grain Accounted for (Cwt.)	Weight Deficiency (Cwt.)
1946-47	25,987,128	25,908,859	78,269
1947-48	22,608,350	22,529,247	79,103
1948-49	30,366,868	30,234,060	132,808
1949-50	29,623,547	29,546,373	77,174
1950-51	32,011,357	31,889,610	121,747

Above figures are given in hundredweights instead of bushels to avoid confusion between bushels of different weights for different grains. Figures for the two subsequent years would not be of equal value because of large stocks remaning in country elevators, and the impossibility of weighing such stocks in many congested elevators.

"Grain Unloaded" is the total of quantities shown under that heading on grain tickets issued in accordance with The Canada Grain Act;

that is the ticket handed to the farmer.

"Grain Accounted For" as shown in the next column is the weight, as determined at terminal destinations, of grain shipped from country elevators, with the addition of year-end inventory quantities in country elevators.

"Weight Deficiency" in the third column is the difference between the two figures, and might properly be described as a "Shortage".

THE SHRINKAGE ALLOWANCE

The "Weight Deficiency" or "Shortage" as shown above, has geen somewhat more than compensated for each year by the shrinkage allowance, authorized by the Board of Grain Commissioners.

That allowance is a certain weight in pounds, set by a shrinkage table published by the Board of Grain Commissioners under authority of the Canada Grain Act. It is deducted from the recorded weight of each load of grain before establishing the weight to be accounted for. The amount of the deduction varies according to the kind, condition, and quantity of the grain in each load. (Details of the shrinkage table are contained in Appendix "A" to this statement.)

Now, if you turn to the statement which we have attached as appendix "B", you will see, that for the year 1950-51 we had an actual weight deficiency of 121,747 hundredweight. The shrinkage allowance, appendix "B", subheading (b), calculated according to the table, Exhibit A, was 139,875 hundredweight, so that the amount of shrinkage allowance made up for the actual physical loss and gave us an overage under (i) of 18,128 hundredweight; and that extra allowance of 18,128 hundredweight amounted to an overage of .0566 of 1 per cent, or somewhere in the neighbourhood of 1/16th of 1 per cent.

My submission is, sir, that those figures indicate that the shrinkage allowance now authorized by the Board of Grain Commissioners is about as finely calculated as is possible without putting the elevator companies in a position where they may suffer loss as a result of operations.

We have not attached figures for 1951-52 because so many of our elevators have not been weighed up; but I am quite content that you look at the statement which was filed by the Board of Grain Commissioners, there you will see that we have a gross overage at very little more than I had calculated for 1950-51.

For some years the Board of Grain Commissioners has been collecting and recording figures for shortages and overages after taking the shrinkage allowance into account. Elevator companies have been required to submit reports on this basis. When such figures were recently published, without explanation corresponding to the above, misunderstanding occurred.

THE SHRINKAGE ALLOWANCE AND ITS RELATION TO ACCURATE WEIGHING

The shrinkage allowance has an important relationship to the accuracy of weighing at country elevators. Weighing at terminal elevators is done under government supervision, and weights there are recorded by government certificates.

Such supervision could not be applied at country elevators, and other means must be taken to insure accuracy there. The Board of Grain Commissioners accordingly checks weighing performance of country elevator agents by comparing inward and outward weights, and makes inquiry whenever there appears to be anything that requires explanation.

Records indicate that prior to 1923 grain weighing at country elevators was something less than accurate. In that year there was appointed a Royal Grain Inquiry Commission under the chairmanship of Mr. Justice Turgeon; it reported in January, 1925. The report was a notable document in the history of the grain business and resulted in important developments. The commission, as it moved about the country, heard many complaints about the standard of weighing at country elevators. It found that elevator agents were not, as a rule, weighing grain as accurately as possible. Instead they were accustomed to "take the break of the beam". This meant getting the advantage of several pounds on each load of grain, and the practice was justified on the grounds that it was necessary to offset invisible losses certain to be experienced.

While the commission was sitting, the Board of Grain Commissioners, which had also taken note of these complaints, issued a regulation extending to purchased grain the shrinkage allowance which had formerly applied to stored grain.

The commission heartily commended the new rule put in by the Board of Grain Commissioners. It said: "We are convinced from our own experience that it will be more satisfactory both to the farmer and to the purchaser to see a rule adopted which should insure accuracy in weights while providing reasonably for a probable loss due to the character of the merchandise handled."

"The commission further said: "The question of accuracy in weights is, after all, the important question. We have seen how, in the past, accurate weights were not given, the break of the beam system being used to deduct some pounds from the actual weight. Whatever may have been said in the past in defence of this method, no excuse can be

urged for it from now on, the board having furnished a plan to protect the buyer and warehouseman We know that some companies have already notified their agents that henceforth, in view of the new regulation, they are to take the time necessary to weigh exactly and accurately. Every means should be taken to see that the spirit of the regulation and of the Act is observed scrupulously.

"Hereafter there will be no excuse whatever for any practice in contravention of the regulation which requires the taking of the exact weight less the authorized shrinkage allowance".

In 1935 Mr. Justice Turgeon conducted another Royal Grain Inquiry Commission. Not a single complaint about country weighing was brought before it, nor does there appear to have been any general reason for complaint since that time. Certainly records for our own Company indicate that agents are carrying out the instructions constantly reiterated to them, that weighing must be as accurate as possible. There is no excuse for an agent recording grain weights on any other basis. With the shrinkage allowance in effect that standard of weighing can be demanded of elevator agents. Without it there would be danger of some reversion to the former practice, under which agents sought to protect themselves against shortage arising from invisible loss.

May I say here sir, that at meetings of our country elevator agents for the past four of five years. I have repeatedly made the statement that the company does not desire to make money out of weights or grades at the expense of the farmer. We have asked them to follow the rule of accurate weighing and accurate grading, and I believe that that rule now has been posted in many of our elevators.

"NET WEIGHT" SHORTAGES AND OVERAGES

The foregoing has dealt with "gross weight" shortages or overages, which are entirely related to the weights recorded for grain, including dockage, as received into and shipped out of country elevators. "Net Weight" shortages and overages relate to the quantities of grain bought and sold under various grades. Such net quantities are calculated by deducting from the gross weight of a parcel of grain a certain percentage to cover foreign matter or dockage associated with the grain. Shortages and Overages arise quite apart from weighing, because western grain, in addition to being handled in bulk, is also handled by grade.

SHORTAGES AND OVERAGES BY GRADES

There are hundreds of different grades which may be applied to grain, of which in any year from one to two hundred grades will be handled by a company such as ours.

Each one of these grades is likely to show a shortage or an overage. It would be almost impossible to come out exactly even on any one of them, and an elevator operator would not expect to do so.

Possibly I should have said: "Would not hope to do so."

Grain is bought at country elevators in truckload quantities, on grades (including the percentage of dockage) agreed upon between the owner and the elevator agent. It is sold on grades established for carload quantities by officials of the Government. Discrepancies are inevitable because of variation in samples to be graded, because of differences of opinion, and because of admixture of different weeds in binning and handling grain through an elevator system. Grading at country elevators is subject to pressure, since the owner naturally presses

for the highest possible grade. It is subject to competition, since grading is one of the considerations which determine at which elevator a producer delivers his grain. It is subject to error, since it is impossible for a single agent to be familiar with all the factors which may affect grading. For example, a few years ago many country elevator agents had to learn to recognize and to assess damage from frost for the first time.

It is not surprising, therefore, when elevator agents overgrade grain and an elevator company experiences costly grade losses. Those for our Company each year for many years have amounted to a considerable sum. It frequently happens, however, that a grade loss will be accompanied by a resulting overage in the net weight. That, to some extent, will tend to offset the cost of the grade loss.

RELATION OF GRADE LOSSES TO OVERAGES

How an overage can develop out of a grade loss can be seen by examining the descriptions of different grades of grain contained in Schedule 1 of The Canada Grain Act or those of Commercial Grades as established by the Standards Board annually. The percentage of tolerance of foreign material allowed in any grade increases as the grade is lowered; in other words, a considerable admixture of foreign material which would be dockage if associated with higher grades may become part of a lower grade. For example, an agent may have bought wheat as No. 6, with a dockage of 3 per cent for large weed seeds, which the Inspector later grades as Feed Wheat. Any large seeds in this lot of wheat, up to 3 per cent, would then become eligible as Feed Wheat, a grade in which that percentage of such weed seeds is permitted. The result would be that a car of 1,500 bushels, although a loss in grade from No. 6 to Feed Wheat had occurred, would show an overage in net weight of 3 per cent or 45 bushels.

Or, an agent buys as No. 3 C.W. six row barley which the Inspector later grades as No. 1 Feed. Wild Oats were included, say to 5 per cent. The first grade included 1 per cent of wild oats, and 4 per cent was treated as dockage; the second grade carried 4 per cent of wild oats. Thus the loss of grade transmuted 3 per cent of the weight from dockage into grain, or 45 bushels in a 1,500 bushel car.

I would like now to show you, from actual records of cars, what happens as between grades and overages. I have in my hands a series of car records which I asked our chief inspector at Winnipeg to pull out of recent shipments, where grade had been lowered. May I just give you four or five of these examples. The first one is car No. 428597. It was purchased by the agent as tough 1 feed barley, $1\frac{1}{2}$ per cent dockage. As it went through Winnipeg the grade was changed to tough rejected mixed heated with one per cent dockage. On the final grade at the lakehead the grade was again changed by the government inspector to 3 feed barley with one per cent dockage. We took it in with $1\frac{1}{2}$ dockage as tough one feed. We gained a half of one per cent in weight, but we lost 6 cents per bushel on grade. That is, the farmer got the benefit of 6 cents a bushel more than he should have received according to the grade at Fort William.

The next one is car No. 509201, 2 feed barley, 2 per cent dockage. The car was too full to inspect at Winnipeg, but it was graded 3 feed barley with one per cent dockage at the head of the lakes. We gained one per cent dockage on that car, but lost 7 cents per bushel on grade on every bushel of grain in the car so our loss was much greater than the gain in weight.

Take car No. 240301. It was graded by our agent as 2 Northern, $2\frac{1}{2}$ per cent dockage. Again the car was too full as it passed through Winnipeg, but the

final government grade was No. 3 Northern with 2 per cent dockage. We gained a half of one per cent dockage and that contributed to overage, but we lost three cents a bushel on every bushel in the car.

Then, I have before me three cars which I will discuss together. These were all shipped from one place; they were all graded No. 6 wheat with three per cent dockage. As those cars were graded by the government inspector he detected something which our agent had failed to observe, that is, that this grain had been treated with panogen. The government inspector graded it feed wheat with one per cent dockage. We gained on the dockage, but we lost 6 cents per bushel on the carload of the grain.

Now, those car records were taken out of a week's delivery. Any week of the past few years you could pull out similar records. The statement shows the relation between grade losses and net overages. I want to say to you that over the five-year period ending the 31st July last our grade losses have exceeded the gains which we have made in weights.

While mentioning the subject of grades, the statistical statement filed by the Board of Grain Commissioners, on page 6, contains a most illuminating statement on the grading experience of grain companies. I wish to call your attention to two or three years. The first year in the table, 1949-50, was the year when the grain was of a very high grade in the west. It was threshed dry and we thought that we had a top quality of grain. However, as the grain came into the elevators it soon developed that it was so hard that it cracked badly. So a great deal of the grain was degraded from the top grade because of that cracked condition. You will observe that all the companies together suffered a loss of 21,685,000 bushels of No. 1 Manitoba Northern, and because of the degrading, overages, to counteract the loss in weight of No. 1, appeared in Nos. 2, 3 and 4. In 1950-51, there were the two frosts which seriously affected the grades, and you will notice the shortages in Nos. 1, 2 and 3 picked up in No. 5 and in the other grades at the bottom. Then, when you come to 1951-52—I will refer to this year a little later—you will see the tremendous losses suffered in the top grades because of the damp and tough condition of the grain, mostly picked up in the other grades at the bottom. That statement does show, I think, the relationship between the type of grain which we have to handle and the results.

There has been considerable discussion before this committee of the amount of overages which have been sold to the Canadian Wheat Board. Our company is prepared to quote the figures. I have here a statement showing the sale of wheat overages to the Canadian Wheat Board by our company for the five years ended 31st July last. After taking into account all our elevators in the eastern division, that is Manitoba and Saskatchewan, and those in the western division, Alberta, the terminal at Port Arthur and the terminal at Vancouver, we sold at the end of the year to the Canadian Wheat Board wheat accumulated from different sources, such as cleaning and processing, to the amount of 234,498 bushels. In those five years we handled a total of some 340 million bushels of grain, of which possibly 50 per cent might be wheat. So you will see that the percentage of the sale of overages to the Canadian Wheat Board in relation to our total handlings was quite small.

May I proceed now with the reading of this submission:

DIFFERENCES OF OPINION IN GRAIN GRADING

That differences of opinion in grain grading, even by expert government inspectors, do occur is demonstrated on pages 42 and 43 of the 1953 report of the Board of Grain Commissioners. The grading of 17,952 cars of grain was changed on reinspection. Even after that, grading was appealed on 1,989 cars, with a change made on 245 cars.

OTHER GAINS IN NET WEIGHTS

Gains in net weights for various grades are also possible from reclassification of dockage without any loss of grade. Consider, for example, a carload of 2,000 bushels of oats consigned to a lakehead terminal and graded No. 3 Feed. It may contain up to 25 per cent or 500 bushels of wild oats. Now assume, as may very well have been the case, that only 200 bushels of those wild oats were included with the oats when originally bought. The other 300 bushels may originally have been dockage in wheat, or dockage in high grade barley, and have been cleaned out to be shipped with the feed oats.

Again, it frequently happens that an employee of the company has occasion to grade grain contained in a country elevator for the purpose of a year-end inventory. If congestion interferes with the drawing of a representative sample he may assess dockage at different percentages than those which applied when the grain was taken in, or those which will later be assessed by the inspection department. Such differences will tend toward apparent establishment of a net shortage or overage.

APPENDIX "A"—SHRINKAGE ALLOWANCE

The accompanying Appendix "A" gives a table showing the present shrinkage allowance authorized by the Board of Grain Commissioners, and also shows the changes therein during recent years. Those changes indicate that the Board of Grain Commissioners is accustomed to adjust the allowance from time to time in accordance with its opinion of varying needs.

Attention is called to the reduction made in the shrinkage allowance on tough and damp grain. A problem arose in that connection on account of the very large percentage of grain carrying excess moisture in the crops of 1950 and 1951. The experience of extra loss of weight through drying out of excess moisture was likely to be quite different from that prevailing in earlier years. Our Company accordingly made representations to the Board of Grain Commissioners at a tariff hearing in July, 1951, as follows:

SHRINKAGE ALLOWANCE ON TOUGH AND DAMP GRAIN

For many years an extra shrinkage allowance has applied on tough and damp grain. Probably no feature of the elevator tariff would be more generally approved by producers. Everyone recognizes that extra risks and actual losses are associated with handling tough and damp grain, and no one supposes that such grain can be or ought to be handled on the same basis as applicable to dry grain.

To some extent the extra shrinkage allowance on tough and damp grain provides payment in kind against risks in handling such grain. That is because grain containing excessive moisture may not dry out at a uniform rate before reaching a terminal elevator, and when drying does not take place danger of loss of condition is accentuated. Probably the present application of an extra shrinkage allowance provides as equitable a basis as could be devised for covering the losses inevitably associated with handling such grain. It may however provide some administrative difficulty for your board on those occasions when you find that such losses do not show up in actual loss of recorded weights. If so, we suggest for study during the coming year the partial substitution of an additional elevation charge which might be, for example, $\frac{1}{2}\text{¢}$ per

bushel on tough grain. Undoubtedly such additional charge would be required if there were any modification of the present extra shrinkage allowance.

That statement was made in 1951.

The Board of Grain Commissioners—and I do not say because of our representation at all, but because of ours and that of other companies—subsequently reduced the shrinkage allowance on tough and damp grain, as shown, effective August 1, 1952.

Appendix "B", attached to my statement, is a summary of grain weighing and grading results at country elevators in the crop year 1950-51.

In Appendix "B" a summary is given of this company's experience, so far as shortages and overages are concerned, with the weighing and grading of a representative crop year, that of 1950-51. The combined result for all our country elevators was a gross weight deficiency or shortage of 121,747 cwt. But the shrinkage allowance of 139,875 cwt. covered that shortage with a margin to spare of 18,128 cwt., which is recorded in official reports as a "gross weight overage" of .0566 per cent. While the shrinkage allowance was thus slightly more than the "invisible loss" of actual weight it is evident that no closer approximation to actual needs in setting that allowance by the Board of Grain Commissioners, would be practicable.

Dockage on grain as delivered at country elevators was 767,501 cwt., or 2.467 per cent of initial weight. Dockage assessed by government inspectors on outgoing shipments and by company employees on year end inventories amounted to 704,448 cwt., or 2.209 per cent. Those figures by themselves reflect the fact that dockage must have been assessed at country elevators with a high degree of accuracy. There are also to be considered the various ways, described in the foregoing, by which cereal material, originally dockage in one grade of grain, may be included with another kind of grain or in another grade of grain. When those are taken into account it can be said with confidence that full justice was given the company's customers in establishing the net weight of grain for which they were paid. The reclassification of dockage indicated by these figures amounts to 63,053 cwt. When that is added to the "gross weight overage" described, the net weight overage is 81,181 cwt. on total receipts of 32,011,357 cwt., or .2536 per cent, or just over one quarter of one per cent. That represents the combined experience in respect of several hundred different grades of grain, on any one of which it would be almost impossible to come out exactly even, taken in at more than 600 country elevators.

Now we come to the conclusions in this part of the memorandum dealing with weights. We have not said much about terminal operations. Terminal operations depend on the nature of the crop and the handlings. As has already been indicated in evidence by members of the Canadian Wheat Board before this committee, overages in terminals are of comparatively small importance, at least so far as the standard grades are concerned.

In the statement already referred to, for the years 1952-1953, at Port Arthur we had a shortage in bushels. That was offset somewhat by an overage at Vancouver but it left us with a shortage over the two terminals. In the estimate we made of another five-year period ending in 1950, overages only amounted to approximately a thousand bushels with a handling of well up to 500 million bushels of grain.

CONCLUSIONS

The board of directors of United Grain Growers Limited believes that it is not practicable to deal with grain shortages and overages at country elevators under any other system than currently prevails. The Canada Grain Act, in Section 15 (s), specifically empowers the Board of Grain Commissioners to make regulations "fixing the maximum shrinkage allowances which may be made on the delivery of grain to country elevators". The need for and the value of such allowances is evident. That board, which during recent years had first reduced these allowances, and then later restored part of the reduction, is evidently able to come very close to actual needs. The small overages to which the shrinkage allowance gives rise need not be a matter of concern.

There has been a suggestion that overages might be confiscated, and reference is made to Section 138 of the Canada Grain Act:

That section which provides for the seizure of certain overages in terminal elevators, affords no precedent to be followed in the case of country elevators. It is applied only for the purpose of prohibiting mixing of grain in public terminal elevators and in certain grades of wheat in semi-public and in private terminal elevators. Most grain passes through semi-public terminal elevators in which mixing in the lower grades of wheat and in other grains is a necessary process, just as it is in country elevators. The seizure applies only to the "excess in any grade" when it appears that has resulted from improper "transfer of any grain from a lower to a higher grade". It applies only to overages so resulting and specifically excludes those up to one quarter of one per cent, which might arise in normal handling and cleaning operations in terminal elevators. Moreover it applies to quantities established by government certificates of weight and grade, which cannot be given when grain is weighed and graded at country elevators.

As to net weight overages which are associated with grade losses resulting from overgrading by country elevator agents, these should give rise to no concern. They arise from competition in elevator service, and it is highly important that such competition be preserved.

Overages which arise from cleaning operations and recovery of grain from screenings are the result of efficient elevator operation. They contribute to over-all economy and to keeping down costs and charges for services performed for farmers.

It is always possible, of course, for overages to arise in the operation of country elevators, through underweighing or over-docking grain. If anything of the kind exists in respect of weighing, or is suspected, it is a proper function of the Board of Grain Commissioners to detect and suppress it.

As to assessing the dockage on grain, that is part of the process of grading it. The producer is protected in his ability to get proper grades by his knowledge of his own grain, and by his ability to take it elsewhere if not satisfied with the grading. Alternatively, he can have a sample submitted for official government grading. The Canada Grain Act protects the producer against unjust or unsatisfactory grading; it is difficult to see how greater protection could be provided. There is every reason to believe that the majority of western farmers are alert to their interests in this respect.

APPENDIX "A"

SHRINKAGE ALLOWANCE

The present shrinkage allowance is found in Regulation No. 21 on page 36 of the Regulations of the Board of Grain Commissioners for Canada as published by the Department of Trade and Commerce. It reads as follows:

ALLOWANCE FOR INVISIBLE LOSS AND SHRINKAGE

All grain delivered to country elevators shall be subject to a deduction from the gross weight to cover invisible loss and shrinkage in handling not in excess of the weight in pounds set forth in the shrinkage table hereunder:

SHRINKAGE TABLE

Gross Grain Weight in Pounds	Allowance in Pounds									
	Straight Grade				Tough			Damp		
	Wheat Corn	Oats Barley Sun- flower Seed	Rye	Flax	Wheat Corn Oats Barley Sun- flower Seed	Rye	Flax	Wheat Corn Oats Barley Sun- flower Seed	Rye	Flax
Up to and including 1,500 lbs.....	5	5	5	15	5	10	20	5	15	20
Over 1,500 lbs. but not more than 2,500 lbs.	10	5	10	30	10	20	40	10	30	40
Over 2,500 " " " 3,500 "	10	10	15	45	15	30	60	15	45	60
Over 3,500 " " " 4,500 "	15	10	20	60	20	40	80	20	60	80
Over 4,500 " " " 5,500 "	20	15	25	75	25	50	100	25	75	100
Over 5,500 " " " 6,500 "	25	15	30	90	30	60	120	30	90	120
Over 6,500 " " " 7,500 "	25	20	35	105	35	70	140	35	105	140
Over 7,500 " " " 8,500 "	30	20	40	120	40	80	160	40	120	160
Over 8,500 " " " 9,500 "	35	25	45	135	45	90	180	45	135	180
Over 9,500 " " " 10,500 "	40	25	50	150	50	100	200	50	150	200
Over 10,500 " " " 11,500 "	40	30	55	165	55	110	220	55	165	220
Over 11,500 " " " 12,500 "	45	30	60	180	60	120	240	60	180	240
Over 12,500 " " " 13,500 "	50	35	65	195	65	130	260	65	195	260
Over 13,500 " " " 14,500 "	55	35	70	210	70	140	280	70	210	280
Over 14,500 " " " 15,500 "	55	40	75	225	75	150	300	75	225	300
Over 15,500 " " " 16,500 "	60	40	80	240	80	160	320	80	240	320
Over 16,500 " " " 17,500 "	65	45	85	255	85	170	340	85	255	340
Over 17,500 " " " 18,500 "	70	45	90	270	90	180	360	90	270	360
Over 18,500 " " " 19,500 "	70	50	95	285	95	190	380	95	285	380
Over 19,500 " " " 20,500 "	75	50	100	300	100	200	400	100	300	400

Percentage on which Shrinkage

Table is Calculated:

Since August, 1, 1952: $\frac{3}{4}\%$ 1% $\frac{3}{4}\%$ $1\frac{1}{2}\%$ $\frac{3}{4}\%$ 1% 2% $\frac{3}{4}\%$ $1\frac{1}{2}\%$ 2%

Prior to 1948: $\frac{3}{4}\%$ applied on all straight grades and 1% on tough and damp grain.

On August 1, 1948: These percentages were reduced on all grains, except flax, to $\frac{1}{4}\%$ on straight grades, to $\frac{3}{4}\%$ on toughs and 1% on damp; allowance on straight grade flax was made 1% and on tough and damp flax 2%.

On August 1, 1950: Shrinkage allowances on straight grade wheat, rye and flax were increased to $\frac{3}{4}\%$, $\frac{3}{4}\%$ and $1\frac{1}{2}\%$ respectively, while the percentages on tough and damp rye were increased to 1% and $1\frac{1}{2}\%$; other grades were unchanged.

On August 1, 1952: Revision to the current basis, above set forth, was made.

APPENDIX "B"

SUMMARY OF GRAIN WEIGHING AND GRADING RESULTS AT COUNTRY ELEVATORS OF
UNITED GRAIN GROWERS, LIMITED
(WHEAT, OATS, BARLEY, FLAX AND RYE)
CROP YEAR 1950-51

NOTE: To avoid confusion which results from combining together bushels of different weights, the following figures are expressed in hundredweights.

(a) Gross unload weight of grains received in country elevators	32,011,357
(b) Shrinkage allowance deducted from above	139,875
(c) Dockage also deducted	767,501
(d) Making net weight received	31,103,981
(e) Gross weight accounted for (Shipments plus year-end inventory stocks)	31,889,610
(f) Less dockage assessed thereon	704,448
(g) Making net weight accounted for	31,185,162
(h) Gross weight deficiency (a—e)	121,747
(i) Overage due to shrinkage allowance (termed "gross weight overage" in official reports) (b—h)	18,128
(j) Dockage re-classified (Representing variation as between original grading and official government grading) (c—f)	63,053
(k) Net weight overage (i+j)	81,181
Ratio of gross weight overage to handlings	·0566%
Ratio of net weight overage to handlings	·2536%

Now, last week there was some discussion about the handling of damp and tough grain and therefore we have added a short supplementary statement to our submission. I hope you will bear with me while I read this.

SUPPLEMENTARY STATEMENT

In justice to our own company I should like to add something to the foregoing in respect to tough and damp grain. I have already referred to the adjustment which has been made in the shrinkage allowance on grain containing excess moisture. But I want to remove misconception if any exists, to the effect that the handling of such grain, gives rise to excessive or improper earnings on the part of elevator companies.

In the fall of 1951, harvest weather was extremely unfavourable. Western Canada was faced with the possibility of one of the greatest calamities that has ever overtaken western crops, because of the lack of favourable weather for threshing. Much grain remained unthreshed throughout the winter, standing uncut, in stooks, or lying on the ground awaiting a combine harvester. Such as was threshed was delivered to the elevators mainly tough or damp, containing excess moisture to such an extent that it was gravely doubtful if it could ever be handled safely and securely. To save that grain required the most intensive efforts on the part of the Canadian Wheat Board, the Board of Grain Commissioners, the railways and the elevator companies. Dryers in terminal elevators which had remained idle for most of many years were pressed into service and set going night and day.

I think in our Port Arthur terminal we used them three times in 20 years. New dryers were hastily installed at heavy expense.

We installed a new one in our elevator at a cost of \$60,000 to make our contribution.

The grain was saved. Our drying equipment was operated mainly for the benefit of the Canadian Wheat Board, under the supervision of the Board of Grain Commissioners at a tariff set by that body. We accounted to the Canadian Wheat Board for every bushel of their grain so treated. No single bushel was so treated without its express authority.

It was only damp grain which was artificially dried by the application of heat. A good deal of tough grain was subjected to natural drying, by admixture in terminal elevators with dry grain of the same grade. This was by desire of the Canadian Wheat Board, which sold tough grain to us and bought back the same grain, after drying at a price spread set by the Board.

That is, before we could naturally dry we had to buy the tough grain from the Wheat Board at a price fixed by them. When we finished drying, we resold to them at a price fixed by them so that the margin between the two was the cost to the Wheat Board for naturally drying that grain.

Otherwise we could not have performed the operation. There was not enough dry grain to take care of all the tough grain in this way. Consequently a good deal of grain had to be exported as tough, with a very considerable risk of loss of condition en route.

Let me stress the fact that we are responsible, as terminal elevator operators, to the holders of warehouse receipts once grain is deposited in the elevator.

In a terminal elevator we can neither mix nor treat grain belonging to the Canadian Wheat Board without the express permission and for the benefit of that body.

A great deal of tough grain and some damp grain remained in country elevators throughout the winter. Its fate was uncertain until the spring. Constant vigilance and the most strenuous efforts in turning this grain frequently were necessary to prevent its going out of condition. Then in the spring of 1952 the country was favoured by nature. Brilliant spring weather made it possible to thresh in a dry condition the grain which had remained out during the winter. Because it became possible to handle that spring-threshed dry grain along with the grain threshed in the fall, the later went forward to terminal elevators almost unharmed. The Elevator companies were responsible for any deterioration which did occur. Fortunately, for them, the extent of damage was very small instead of being tremendous as they had been in peril of experiencing.

That admixture of dry and tough grain gave rise of itself to neither overage nor shortage. The moisture which had been excessive when concentrated in one part of the mass became moderate when distributed over the whole. But practically speaking the whole extent of moisture was still there.

To some considerable extent we were able to deliver to the Canadian Wheat Board at terminal elevators dry grain instead of the tough grain for which we had issued cash tickets and participation certificates. That difference in grade represented the compensation of the Elevator Companies for the additional work, and the risk of loss, which although it materialized to a comparatively small extent might have been enormous.

We accounted to the Canadian Wheat Board, at terminal elevators, for every pound taken in at country elevators, whether dry matter or moisture.

The successful handling of that crop of 1951 stands as an achievement which may well long remain as a source of pride to all who had a part in it.

Now, Mr. Chairman, that completes the submission which I had intended to make.

At the last meeting of the committee the Right Hon. Mr. Howe suggested that the grain companies might be expected to say something on the subject of the car cycle. I think I can cover that in just a few minutes.

This is one subject on which I regret to say that we do not see eye to eye with the pools. We agree with them on most matters, but on this one, we do not.

Our position, generally speaking, is that—first: legislation at this time to regulate car distribution, might be an extraordinary exercise of authority on the part of the dominion in peacetime.

Secondly, while we are prepared—and we are not selfish—to consider any scheme, nevertheless we point out that there has been a tremendous change in country elevator capacity in the last few years on the part of all companies. As in 1943, where a scheme similar to that now proposed was put into effect, so many exceptions may be necessary as to make the plan unworkable.

Thirdly, we are of the opinion that the essential interest of the farmer today is to have a place in which to put his grain, and every encouragement should be given to the building of more space. We are of the opinion that any rigid form of car distribution might tend to prevent an increase rather than to encourage it.

Fourthly, we are of the opinion that the question is more or less academic in any event because no scheme put into effect at the present time could operate in the light of the manner in which the Wheat Board is forwarding grain today. In our judgment, the Wheat Board will continue forwarding grain in that way. In our opinion too, the method of forwarding grain now carried on by the Canadian Wheat Board constitutes the best form of car cycle.

It places the whole question in the hands of the Wheat Board as part and parcel of their marketing policy, and that is where it belongs. It keeps the government and officials of the government out of the vexatious question of trying to establish quotas at two or three thousand elevator points in western Canada, and it leaves room for private initiative, private management ability, as well as competition between companies.

Now, I would like to enlarge a little on those points. The proposal, of course, is based on the idea that the farmer should be able to deliver to the elevator of his choice, and as a farmers' company, naturally we would like to see that. But all companies and all individuals have to suffer to some extent when we get into a position such as we are in today with surplus wheat.

There have been several proposals discussed. Last week the Saskatchewan Pool advanced a proposal that the average of a period when there was freedom to move grain should be taken; that would be the period from 1945 to 1949, I take it. But there has been a tremendous development.

MR. ARGUE: You mean the Wheat Pool employees brief?

THE WITNESS: I beg your pardon. Yes. Thank you; I should have said the Saskatchewan Wheat Pool employees brief. Then Mr. Milner has a proposal. Certainly any proposal which comes from Mr. Milner must receive careful attention.

At the time of the last war, a similar situation developed when, very progressively, from 1939 on, until probably the middle of 1942, there was a

congestion of grain which affected the more powerful companies to the advantage of the smaller ones. A proposal was made at that time for a car cycle and as a matter of fact the Wheat Board put one into effect. They announced in August 1943 that they were putting a car cycle into effect on the basis of the handlings of the three previous years. It took them until October to work out the cycle and they abandoned it in May in favour of a policy similar to that which they are now following in getting their grain forward to terminals. From the time they adopted that policy, I think the larger companies benefited, and their situation improved.

Now may I say that so far as our own company is concerned, in Saskatchewan up to 1948 we had only 100 elevators. But in 1948 we bought the Anderson and the Reliance lines to the extent of about 125 elevators across Saskatchewan.

Now, in considering the cycle suggested by the employees of the Saskatchewan Pool, we would only have been operating in Saskatchewan at one half our present elevators for one year of the entire period, and we would have to depend on the percentages of the other companies for the remaining time.

But since we took over these elevators we have built annexes, rebuilt elevators, added to our space, and greatly improved our position. Therefore we suggest that for those reasons such a cycle would be very unfair to us.

Believing that the government wanted us to increase our space to meet the essential needs of farmers, we have since July, 1950, built 29 new elevators; 167 annexes, and we have added to our capacity to the extent of 7,500,000 bushels. That is since July, 1950. We suggest that any company, which has tried to meet the essential demand of the farmers of western Canada for space to store their grain so that they can get their payments from the Wheat Board, is entitled to some consideration. We have borrowed every dollar we could to that end. We have borrowed from our members and shareholders, and we have conserved our working capital for that purpose.

In conclusion may I say personally that I think the whole question is academic to a large extent. The Wheat Board has recently issued a second order in which they have stated the amount of grain that should go forward to Port Arthur and Vancouver. They indicate the amount, they specify the grades, and they tell us the points from which we can ship such an order must override the provisions of the car order book. It must override any cycle that could be put into effect; and in my judgment, particularly if we have another fair to good crop this summer, the wheat Board will have to continue that policy. By doing that the Board institutes a car cycle which in my opinion is the proper one. It works hand in hand with the marketing operations of the Wheat Board and keeps the government out of the vexatious task of trying to reconcile differences of opinion. It deals fairly with companies which have tried to increase space at considerable sacrifice, and it is favourable to the larger companies such as those who may be advocating this plan.

Mr. Chairman, I want to thank you and the members of the committee for the attention you have given me. I hope that I have not detained you too long. Those are the submissions which we wish to make.

The CHAIRMAN: Thank you, very much Mr. Brownlee. Are there any questions?

By Mr. Bryson:

Q. May I ask what the increase since 1949 in your elevator capacity has been?—A. What year?

Q. Since 1949?—A. That would exclude the Reliance. Well, I have told you that since July 1950 we have added 7,500,000. We now have approximately 35

or 36 million bushels space in our country elevator line across the prairies from Dawson Creek up in the Peace River block down to the southeastern corner of Manitoba. Our annual report gives a partial record. In 1943 we had a total capacity in country elevators and terminals of 35,700,000. At the present time we have roughly 50 million bushels in country elevators and terminals.

Mr. CASTLEDEN: Could you give us the figures for the intermediate years of deliveries, say about 1943 and 1944. What I would like is the percentage of handling, and the percentage of handling which the United Grain Growers has with relation to the total handlings over those points?

The WITNESS: I am sorry I do not have the information here. I will try and obtain it for you.

Right Hon. Mr. HOWE: Mr. Argue have you not got it there?

Mr. ARGUE: It says capacity of line and United Grain Growers Elevators by provinces. I do not see any separation.

The WITNESS: That statement is not prepared by us and we knew nothing about it. I assume it is reasonably accurate.

Mr. ARGUE: But it does not segregate your system from the line elevators.

The WITNESS: If it is your desire, shall we send it to the secretary of this committee?

Mr. CASTLEDEN: That will be fine.

By Mr. Argue:

Q. You pointed out that the United Grain Growers has increased its space tremendously in the last few years and I take it that you would think that any cycle formula for boxcars might interfere with the use of that space. I am wondering if you could tell me how, in any shape, way, or form, the distribution of boxcars on a percentage basis would keep grain out of your facilities when there is so much grain to be delivered? Farmers just fill up every corner of every elevator at the present time.—A. Yes, but it does not move out. Let me give you one or two illustrations. Take Sexsmith, for example, in Alberta in the Peace River country. We had a small elevator there up until about 1950 of 30,000 bushels. Our percentage of handling, as does other companies matches pretty well the percentage of space. I believe that if you will study all of the elevator handlings across the prairies over a period of years, you will find that to some extent the pattern set by the comparative space does indicate, within certain limits, the percentages of handlings. We had a very small handling. As a matter of fact we were down at the bottom of the list because we had by far the less space. In 1950 we built a new large elevator there, and today since that time over the last two or three years we have about doubled our percentage of handling. If cars are to be distributed over a ten year average, then our percentage of cars on the percentage which we had at Sexsmith is bound to go down.

Let me take Spirit River. We were not in Spirit River until three years ago when we built a new elevator. We went into Spirit River for the first time three years ago and enjoy a fair share of the business. What will be done at Spirit River? I suppose Mr. Milner or any one fixing the cycle would say some allowance has to be made for that. We have built 29 such elevators. Dawson Creek is one of the largest shipping points in the west and we built a new elevator there increasing our capacity. What will be done at Dawson Creek, and at other places where we have as a matter of fact increased our space very greatly in the last five or six years? Rightly or wrongly that is the view we take.

Q. I asked you whether you did not think that the increased space would fill up. You have not said that you do not think that it would be full. It is a matter, you say, of handlings. You would be getting storage.—A. Yes, but revenue from a country elevator comes from a lot more than storage.

Q. I wanted to get from you to what extent you thought a formula, if it were used, might cause your elevator company some harm at a given point. Mr. Milner, if I remember correctly, said in his opinion in any thought that he had given to the matter so far that some factors would have to be taken into account for such a situation. I know because I come from Saskatchewan, that the pool elevator has handled on the basis of capacity at the given point—I am no elevator man, but they had an elevator apiece. The wheat pool handled 85 per cent of the grain and the farmers could come in and deliver to the elevator of their choice. Since that time, because of somebody's formula—one boxcar to each elevator handling grain and so on—the level of handlings has changed very materially. The 85 per cent is a way down and the 15 per cent is a way up not because I think there has been any change in the desire of the farmers but because there has been a change in the distribution of box-cars.—A. We have a point in Manitoba where we meet one competitor, and up till a few years ago we handled some 75 or 80 per cent, and on the present basis we are not getting that much. Our percentage is down, and that would be one of the points undoubtedly that would be helped, and there will be other points where a cycle based on a 10-year average will help. To the best of our ability, we have tried to assess what the results of such a cycle would be in the light of the big changes we have at other places, and we have estimated that, had we been operating on a cycle such as has been suggested, last year we would have handled three million bushels less grain than we handled.

Q. For the whole system?—A. Yes.

Q. That is not very much grain?—A. Well, three million bushels in grain handling over a system is quite a lot.

Q. What is your total handling for the system?—A. Our total handling last year was over 90 million.

Q. Three per cent change.—A. I think the figures are given in the Board of Grain Commissioners' statement here that the gross handlings are 111 million.

Q. We were told by the Wheat Board when they were here two weeks ago, as I understand their evidence, in any case from Mr. Riddel, that their practice so far in this crop year—this is to Saskatchewan that I refer—was to give to the pool elevator system approximately 43 per cent of the box cars. That is in fact the percentage capacity very approximately of the capacity of the elevator system for the province that is held by the Saskatchewan Wheat Pool. Can you see any reason why the Wheat Board or some other body could not, tomorrow, change that 43 per cent to 50 per cent without making it any more difficult for them to move grain; that is for the whole elevator system, not necessarily, I could say, where you could run into all kinds of trouble for every individual point; but if the Wheat Board decided to give the Wheat Pool five per cent more or less of the box cars, can you see how that would prevent movement of the desired quantities of grain to the lakehead?—A. The point I was trying to make is that we are quite content as a company to abide by the decision of the Canadian Wheat Board. We have found them fair, just as we have found the Board of Grain Commissioners fair, in dealing with these problems, but that is a problem for them. What I am trying to say is that in my judgment they must continue the present policy, and I doubt if anyone will say that you could work a cycle with the present policy of marketing grain with the Wheat Board.

Q. How long would you say the Wheat Board has been following the present policy?—A. They started two months ago. They made their first order about two months ago, in which they gave an allowance to go forward to the lakehead. As I understand it, in a general way—my advisers can correct me if I am wrong—they decide what grains they want, they allocate them between the companies in proportion to their stocks in hand of those particular grains. In my judgment it will be found just as it was in 1944, after the Wheat Board gave up the cycle based on averages and resorted to the present

policy and continued it until the whole problem of liquidating that crop had been completed, I think you will find that the Wheat Pool figures and handlings went up and they soon got back to their normal percentage. It is a flexible operation, but it does not deny the company the right to make use to the fullest extent in a competitive way of whatever they acquire in the shape of capacity at various points. We think—and I am expressing our own opinion as a company—that from the standpoint of the government of Canada in peacetime, with the type of legislation that the government of Canada wishes to pass, it is better policy to shape the distribution of cars in accordance with the needs of the Canadian Wheat Board, which has the onus of marketing Canadian wheat, than to set up some other kind of organization which would bring the dominion government into the position of legislating so as to regulate competition between companies. We think that this would be an unfortunate position for the government to be in.

Q. It is peacetime now, but it is an emergency situation as far as congestion is concerned. There is no war on, but there is just as much congestion as at any other time.—A. The dominion government has given up the wartime emergency legislation, which is an indication that it considers that the emergency as a result of the war, which does give the dominion government extraordinary powers, is over, and the crisis—if we call it a crisis—or the emergency is one resulting from the bounty of nature. As far as our company is concerned, traditionally we have always been ready to take our chances in a competitive way in trying to work out any problem that results from a cause of that kind and not from war.

Q. Do you know, Mr. Brownlee, that parliament in the last few days passed a resolution preceding a bill that will give to Mr. Milner—that will give to the government exactly the same powers for a further period that they have had under the War Emergency Act?—A. Yes, I did not know it had been done, but I understood it was going to be done. I am not surprised. All I hope is that the government does not implement that legislation entirely.

Q. My answer to that is this, that that resolution passed parliament unanimously.—A. Thank you. I did not know that.

Q. Can you tell me what competition there is, or how the handlings of an elevator system can change if the Wheat Board say that they are going to allocate box cars on the basis of available stocks, as you are saying, and those available stocks for a given province amount to 43 per cent? You take 43 per cent of the available stocks. You give box cars to a certain company equal to 43 per cent of the stocks. Can you tell me how that company will handle anything but 43 per cent of the grain under the present circumstances?—A. You are laying down a basic hypothesis there that the Wheat Board apportions a percentage now, but that is not necessarily a fixed percentage. My understanding is that the Wheat Board makes its allocation on the basis of the stocks in store. Therefore, their percentage might be one percentage today, depending on the kind of grain they are to forward. It might be quite a different percentage tomorrow. But the fact remains that the large companies like the Saskatchewan Wheat Pool—and goodness knows we have the greatest admiration for that organization and for its management—have tremendous space and tremendous capacity, and I am rather inclined to think that as the months pass and this policy of the Wheat Board works out it will be found to be a flexible policy which may give relief in the long run just as it did, in my opinion, in 1943, when the board after a few months' trial gave up the one basis and adopted the present one and carried it through, and it worked.

Q. How can the formula become altered through practice if 43 per cent of the stocks on hand is 43 per cent of the capacity of a given elevator system, and I say that this is a statement of fact?—A. Mr. Griffin would like to answer that.

Mr. GRIFFIN: I should think, sir, that as conditions change at different points, it might be through one area of the country getting a somewhat smaller crop than another, you would find, as has been the experience in the past, that in some areas the elevators are fairly well shipped out. In fact, it has occurred in past experience that the Wheat Board instead of being under pressure from the elevator companies for permission to ship grain, has put pressure on the different elevator companies to force them to ship out grain rather than hold it in storage—possibly for the purpose of trying to get larger storage earnings. I think most people in western Canada, if they would not venture to predict the size of the coming crop, would probably venture this—that it is extremely unlikely that we will again have a uniformly good crop so that at every point in western Canada there will be pressure such as now exists. Under new crop conditions you will find that the pressure condition alters at different points. As soon as that happens at an individual point then what you might call the natural advantage of one company or another—of our own company, for example, if it happens to have the historical preference there would appear. We would expect to see that reflected in our space filling up more rapidly than another company's space. Then again, depending on the type of grain that may be produced this year or the type of grain the Wheat Board might want to ship forward, there will be a decided differential in the shipment as between different points. For example, if this year we again produce an overall large crop of lower grade grain it might be that the Wheat Board would adjust matters so that certain areas, if they are unfortunate enough to produce feed wheat—and some feed wheat is marketable—they might be pushing the grain out from there. What it all adds up to is this, that the present condition is that things are almost uniform over the whole west in respect to pressure for space; I think most people would expect that to change within the next few months either through weather conditions or through marketing conditions.

Mr. ARGUE: Would you agree with this—

Mr. HARKNESS: I think that one—

The CHAIRMAN: Are you finished, Mr. Argue?

Mr. ARGUE: Please go ahead, Mr. Harkness.

Mr. HARKNESS: I think that one of the most important features of any system of grain distribution is whether it encourages or discourages the building of additional elevator space. Mr. Brownlee mentioned that and said that in his opinion a rigid scheme of any kind would discourage or prevent the building of new country elevator space. He stated that since July, 1950 his particular company had built 29 new elevators and over 100 annexes.

The WITNESS: 167 annexes.

Mr. HARKNESS: I wonder if Mr. Brownlee would like to give an opinion on this: if there had been a rigid system such as any of the two or three that have been mentioned here, would his company have built the 29 new elevators and the 167 annexes?

The WITNESS: No, I will not say that for one minute, sir. There are two considerations which lead a company to invest money in elevator space. One is the point mentioned by Mr. Argue which I quite candidly admit; that is, that if there is a prospect of long and continued storage you get a revenue from the storage, but you do not get enough to pay the cost of operation. I doubt very much if under a rigid scheme such as has been suggested that we would have made the investments that we have made. I think that there is more than one place I could mention, if I had my list of elevator points here, at which we built where we would have hesitated to build if we had known that despite that investment we were going to be rigidly held to a percentage which we had over a period of 10 years. When you put up a new elevator—

for example, take at Kamsack, just recently. Kamsack is a good point in Saskatchewan. We had a country elevator which we took over from the Reliance Company. Now, a few months ago we built a very large elevator there. We would not have built that elevator there—the other was in fair condition—if we had felt we were going to be held down to a percentage such as we had enjoyed over a 10-year period. We built it because we felt it was needed and we felt we would increase our handling at that point and we have done just that.

MR. HARKNESS: That would be my opinion, that if you had any sort of rigid scheme which held down the handling at any particular point you would not build a new annex or elevator there, nor would any older company?

THE WITNESS: I dislike to make that statement, but the fact remains that we had a program laid out for this spring. We have not proceeded with it and we will not do so until we know what we are going to face in that respect. After all, there are many considerations. To build a 60,000 or 70,000 bushel elevator today requires an expenditure of \$50,000 or \$60,000.

MR. TUCKER: What is the greatest pressure you get from your shareholders, to supply more space at the present time or is there something else which seems to be more important to them?

THE WITNESS: Thank you for that question, sir. As far as our company is concerned, our pressure is undoubtedly one for more space. I do not think I wish to say anything more in that regard although I could say more.

MR. TUCKER: They want you to adopt the policy that would compensate you for providing them with the extra space they want so much?

THE WITNESS: Undoubtedly, I think that would be the view of our members, yes. In all the associations I have had—going back a number of years in connection with the United Grain Growers as general counsel, as vice-president, and subsequently as general manager—I have never gone through an experience such as we have had during the last three years where demands have been coming in from every quarter for more space and more space and more space. Members of the committee, I say to you that it is my conviction that the essential thing, so far as the farmers of western Canada are concerned today, is a place to put their grain in order that they can get their initial payment and finance. I believe that is a much greater thing, as far as the farmers are concerned, than any idea they would prefer to put it in this corner rather than that corner over there.

By Mr. Johnson (Kindersley):

Q. In that regard, what advantage would a farmer have in making deliveries to your company over and above any of the other companies which might exist?—A. I take it that what you are asking is what we do. All I can say to you is that as a cooperative we return every dollar in patronage dividend. We borrowed back from our members the money to build elevators and we have had a good response. But every dollar we made last year we paid back in the form of a patronage dividend of 1 and $\frac{1}{8}$ cents, I think it was.

Q. Your membership would obviously favor any system whereby they could select the elevator of their choice to make their deliveries.—A. Now, Mr. Johnston, again I would have preferred not to get into some of this discussion; but is it fair to the farmer if, on the one hand, he asks the company to dissipate its working capital in dividends for himself, and at the same time he asks them to build more space

Q. How is the dissipation of working capital involved?—A. It becomes a question of getting more space, because you can only build elevators if you have the money with which to do it. We sent out two letters and on the

strength of those two letters we got \$1,000,000 from our members for the purpose of increasing our space. That is an actual fact. That is what happened; and on the strength of those two letters, we increased our preferred shares, our non-voting preferred shares, by that amount. And we went to the finance corporation and we increased our debt. We borrowed more money there and with that money in the past five years, to the total of some \$7,000,000 or \$8,000,000, we have put in new assets, elevators, annexes, rebuilding and improvements.

I could take point after point of the Reliance elevators where, for example, we started, when we took them over with ten per cent, and with the improvements which have been built up since, we have now from 20 to 25 per cent. We do not want to go back to the long term average.

Q. The majority of your returns came from handling rather than from storage, and it would seem to me that if you were able to increase your handling, in proportion to the desire on the part of your membership, you would make more money.—A. I think there is a misunderstanding here. I said there were two sources of income for country elevators. There is the elevator charge—or if you want to put it under the contract of the Wheat Board, the handling charge; and there also is the question of storage. I am bound to say that I cannot give you the figures today to show you what percentage of our revenue comes from one source and what percentage comes from another because I have not got them here.

Q. Could you tell us what percentage of grain that you take delivery of comes from your own membership?—A. Under these conditions, as you know, in a licensed public elevator—and you had examples of this last week and what happens if we do not do it—we have to take the grain from whoever tenders it to us. I would not want to say definitely, but I could conservatively say it was 70 per cent.

Q. Can you tell us what membership costs in your company?—A. Our company is incorporated under the Rochdale form of cooperative. We started in 1906 and the only way we could get a cooperative charter was to apply to the legislature because there was no Act under which we could incorporate. At the present time our membership share is \$5, limited to 25 shares to any one person. No person can hold more than 25. It is "one man and one vote". That is the only membership which gives a right to vote, and it must be held by a farmer.

Mr. HARKNESS: I am very interested in this matter of providing more elevator space, which you say is one of the greatest needs and greatest desires of grain farmers. You said that the cost of a new elevator for sixty thousand bushels would be between \$50,000 and \$60,000.

The WITNESS: I would say that a 60,000 bushel house costs about \$60,000.

By Mr. Harkness:

Q. Do the smaller elevators run about the same?—A. I would say that a 35,000 bushel house probably costs about \$1 a thousand; a 30,000 bushel house would cost \$30,000, a dollar a bushel, somewhere around there. The higher you go and the larger the elevator the lower the cost per bushel.

Q. What is the cost of an annex?—A. The annexes depend entirely on the type you build. A cribbed annex might cost \$30,000 or \$40,000, about 37 or 38 cents a bushel for the crib.

Q. In other words it is about 37 per cent of the cost of an elevator?—A. Yes.

Q. The point I was coming to was this: to what extent can you extend annex space in your company—and I presume that will be fairly typical of other companies. What possibility is there of very considerably increasing country elevator storage, and therefore handling facilities, by building more

annexes?—A. That varies from point to point depending on the space. We do not build on freehold property; we lease the sites from the railway companies on the basis of their usual rates. If you went to a point like Vulcan, Alberta, or Arborfield, Saskatchewan, in looking at our sites there you would find every available inch has been taken up. We could not put another annex at Arborfield or Vulcan if we wanted to. As a matter of fact, last year at Vulcan because we were unable to build another annex, we put up a new 60,000 or 70,000 bushel house on another site.

Q. How many of your elevators have annexes?

The CHAIRMAN: It is one o'clock. We will continue with the same witness in this room this afternoon at 3.30.

AFTERNOON SESSION

The CHAIRMAN: Order. We will continue where we left off at one o'clock. Mr. Brownlee is still prepared to answer any questions. Are there any question?

Mr. J. E. Brownlee, President, United Grain Growers Limited, recalled:

By Mr. Studer:

Q. Before adjournment we were discussing the question of additional storage space. I think Mr. Brownlee mentioned something to the effect that if we had a rigid allotment of cars that would discourage building additional storage space on the part of all elevator companies, pools, etc. Would you say that over the past 20 years, with average crops and market conditions, we had sufficient elevator and storage space to handle the crops over that period of time?—A. First of all, please do not misunderstand me when I said that I thought a rigid car allotment would discourage building. I expressed only my own opinion. I imagine that representatives of other companies would probably take a different view. My reasoning is just this, that if we, say, had a fair elevator at a point and we knew that we could not increase our percentage of cars by building, that might be one of the factors that would turn us against it. There might be other reasons why we would go ahead and build.

Now, take your second question. I think it is very difficult to give a categorical answer, yes or no, to that question, sir, for this reason: in my judgment—and I am only giving a personal opinion—the picture with respect to space has changed very considerably in the last 10 years. We used to feel that an elevator should turn over three, four or five times in order to pay its way. Now, with the combine and the large truck and the way grain comes to the market, you cannot go by a rule of that kind at all. I think that there are still many places in western Canada where additional space would be justified. That is my own view.

Then, of course, besides that there is the third reason which enters into the building of additional space, and that is the duty of any business organization to try to take care of its own customers and its growing business, if it is a growing business.

Q. What I had in mind was the danger, if it is a danger, of overbuilding, which I consider, if it were more than the demands of the average years, would be detrimental to the producer himself, because he is involved through his co-operatives and through your organization in the welfare of the company. If there is sufficient space now to handle the normal crops throughout the years through the elevators and your storage facilities and annexes, then I

think this is something to keep in mind. I think that you also mentioned that perhaps the need at the moment was not as great for additional storage as it was for some farm financing, and that the demand on the part of the farmer—I think you put it that way—was for some cash, not for storage facilities. Am I correct?—A. No, I said that I thought the essential need of the farmer today was a place to put his grain. I think that is the big thing. I think there are places in western Canada that are undoubtedly overbuilt. Travelling, as I do from time to time around our elevator system, I have found that there are a number of places that I marked as definitely overbuilt, where we would discourage further building. But on the other hand I still think that there are many places in the west where further building is required and where there will be further building. There is another thing, sir, that you have to keep in mind in connection with this whole question of building, and it is one of the problems that I personally worry about more than anything else. Many of our elevators are very old. Many of the annexes that were built to take care of the 1940 and 1941 crop are temporary annexes that were never intended to carry on as long as they have. Those are disappearing, and we have to decide whether or not we are going to replace, and if we do replace whether we should replace with somewhat larger capacity than what we have. I think that I would have to distinguish between points in answering your question.

By Mr. Bryson:

Q. Mr. Chairman, I would like to ask Mr. Brownlee a few questions. I am concerned, too, about this problem of storage capacity. I think it is a very serious one. I am almost as much concerned about this equitable distribution of box cars. Your organization, you say, is a cooperative organization, and if so you should be interested in this angle too. At one point in your remarks, you made some reference to the support of private enterprise, I think?—A. Well, pardon me, but not in the sense that you would usually use that term. I did make reference to private initiative, yes, which I think is necessary for co-operatives as well as for anybody else, but I hope there was nothing I said that would lead you to believe that I was pleading the cause of what you might call private enterprise.

Q. Possibly not, because I was going to say that at one point you spoke in support of private enterprise and then again you referred to your organization as being based on the Rochdale principle. Possibly I am wrong about that, but what I would like to ask you is this. I am interested in the distribution of box cars, and I make no bones about it. I believe in the farmer-owned systems that have built up a large membership over the years. There should be some formula by which they would not be discriminated against as far as box car allocations are concerned. You said that over the last very few years your facilities have been greatly expanded. I would like to ask you this question: has your membership increased correspondingly in that period?—A. We figure that as a result of the work we have done and as part of our expansion in Saskatchewan, we have added 10,000 members to our organization.

Q. And the other question I would like to ask is this: is your organization a member of the Northwest Line Elevator?—A. No, sir, emphatically not.

The CHAIRMAN: Any more questions? Mr. Dinsdale?

By Mr. Dinsdale:

Q. In the discussions, Mr. Chairman, reference has been made to a return to normalcy in marketing. From what I gather that apparently is going to be brought about by either the weather or other circumstances and I am wondering if this term "return to normalcy" is a relative term or is it anticipated that we will get back to things as they were, say 10 years ago, or is it possible that

the changed methods in harvesting means that we have arrived at a new state of affairs so far as grain marketing is concerned? Mr. Brownlee's remarks seem to anticipate the increasing need for expanding storage facilities which would suggest that it is not anticipated that there will be a return to the former state of affairs?—A. Well,—is it Mr. Dinsdale?

Mr. DINSDALE: Yes.

The WITNESS: The first part of your question concerning whether there will be a return to normalcy, I would defer to your judgment rather than my own, because I think probably you have made a greater study of it. I can only say this, that all companies are building—the Saskatchewan Wheat Pool, for instance, has outlined a program, I think in the paper, of something like \$2 million or \$3 million. They feel there is a need for more space and the other companies are building, too. As I say, grain is rushing to the market so much quicker now with the large trucks and good roads, and with the combine the farmer finishes his threshing earlier. Whereas 10 years ago I would have been sizing up an elevator as to whether we had sufficient space—I might take handlings at a ratio of four to one—today I begin to get alarmed if I see our handlings are more than two to one. It is just the difference in the way wheat is coming in which demands that the elevator companies must furnish much better and more equipment and space than they have ever done before. It is a different service, sir, in my opinion that we have to render today from the service we rendered five or ten years ago and it was brought about by changed farming methods and good roads.

Q. So the return to normalcy is a relative term?—A. Yes.

The CHAIRMAN: Mr. Charlton?

By Mr. Charlton:

Q. Following that up, what would you consider a farmer could save by delivering direct to the elevator from his combine as the present situation is?—A. Oh I could not answer that, sir.

Q. It would be a considerable amount?—A. Yes, there is undoubtedly a considerable amount, but he delivers in larger trucks, he delivers in many places. I think you will see—I know we look for it and expect to see—many of the single elevator points on sidings disappear and the larger centers built up. We think we are in a time of change so far as farmers' deliveries are concerned—a change in many ways—and it is going to require, in my judgment, the expenditure of a further considerable sum of money.

By Mr. Cardiff:

Q. Would that require more box cars and equipment?—A. You have a man here who could answer that much better, but my understanding is there are plenty of box cars; is that right?

By Mr. Dinsdale:

Q. Would Mr. Brownlee care to state whether he considers the addition of annexes and additional local elevators as sufficient to meet the changed circumstances in the handling of grain or is something needed besides merely annexes or further local elevators?—A. All I can do is to give you my conception again, that we are at a time of change in methods and in our system. Mind you, we have done a great deal since 1950, but I could still show you quite a few places in our system where we feel that we still have to provide more space to take care of our business.

Q. I wonder if Mr. Brownlee, as president of an elevator company with a terminal, would care to comment on the suggestion made by the Interprovincial Farm Union Council at page 10 of their brief where they say:

We have, on several occasions, requested the government to have the present practice of paying diversion charges on grain being shipped through Port Churchill, Prince Rupert and inland terminals discontinued. This request was also made to this committee and to the Board of Grain Commissioners. In addition we asked for the discontinuance of diversion charges on that portion of our crop diverted for domestic milling. These charges, we are informed, run from 11/2 cents to as high as 31/2 cents per bushel on certain grades for specific purposes. Today, evidence can be produced to prove conclusively that the arguments brought forward by the grain handling companies to justify the introduction of these special charges are completely irrelevant under existing conditions. Such charges, paid in some cases by the consumers and in others by the farmers, are for services that cannot be, and, in fact, are not, performed. In present circumstances, these charges cannot be justified and we ask that they be removed without further delay.

There has been a considerable amount of discussion concerning this recently and I would like to have Mr. Brownlee's comments if he would be good enough to give them to us.—A. I did not touch on the diversion charges. I will try to answer your question as quickly as I can. Thank you for reminding me of this. As far as our company is concerned, I should say we are not very much interested in Churchill. We are contributing, I may say, to the organization that is promoting that outlet. We have contributed to that for years, but our elevators happen to be located in such a way that very few cars go from our company by that route. Dealing with diversion charges generally, we take the position very definitely that they are justified—justified in every way. I think the statement has been made that it is a charge made by terminal elevators for a service which they do not perform. We take quite a different view. We say that in any organization like ours the country elevator is the basic part of the organization. It collects the grain, and it makes the charges that are a direct impost upon the farmer and naturally our great desire is to keep those charges as low as possible. On the basis of the present charges, I do not think any country elevator system could survive if we were to depend on those earnings alone. Any country elevator line likes to make a further earning per bushel of two, three or four cents, as the case may be—a further earning on this grain—by sending the grain through its terminal, if it has one. If it does not have a terminal it expects, by bids from many terminals, to get through them some portion of their earnings. To take our own system, we have some 675 elevators, and nearly half of them in Alberta, from which a lot of the wheat goes to Vancouver. A lot from Manitoba and Saskatchewan goes to our big elevator at Port Arthur. Now, when we go to the Board of Grain Commissioners each year at the tariff hearing or to the Wheat Board to negotiate our contract for a handling rate, we keep in mind the earning we expect to get from our terminal. It is a fact, in my opinion, that the rates which the farmer pays today are lower than they would be if we did not have some of these supplemental revenues such as what we call a diversion charge. That applies where the grain is taken by order of the Wheat Board, or in some other way is taken from our line or terminal and is sent over in some other direction. Now, for that reason, as long as I have had any association with rate fixing—I should say rate negotiations rather than fixing—we have always regarded the diversion charge as a perfectly legitimate charge. So far as the mills are concerned, when we negotiate our contract with the Wheat Board they usually leave it to ourselves and the mills to work out the diversion charges. We always agree and they are willing to

pay them. So we look upon it as one of the legitimate earnings of the country elevator system and one of the supplementary earnings which enables us to keep the rates down.

As I said this morning, the grain business is one of the very few businesses, left in Canada today which is still performing a service to the farmers, notwithstanding greatly increased cost at rates of before the depression. We have only been able to do that because we have supplementary sources.

By Mr. Argue:

Q. When you discuss diversion charges, do you not feel in your own mind, when you go there, that a certain proportion of the crop will be going to government interior terminals, and that your terminals in a period like this will be working to capacity?—A. No. Diversion takes place every year. Take the mills for example. There will be diversions from our system into the mills in any year, whether there is a surplus or not. It is something in the ordinary course of business. Let us say that the mills want a certain quantity of wheat; they will buy it at a certain price plus the diversion charge.

Q. Is that because you are plugging all available space?—A. The diversion charges are less now than usual, or lower than normal, because there is so much grain to be taken care of.

Q. You mean the rate or the amount is lower than normal?—A. The amount. There is no fixed rate. We negotiate the rate and when we meet with the Wheat Board, they fix our handling charges and the chairman will say to us: "Go and see the mills, and work out your diversion charge."

Q. The Wheat Board says this in its annual report:

"There was a reduction from 2 cents to 1½ cents per bushel in the diversion charge paid on wheat shipped for diversion to interior government terminals".

So this is a negotiated rate, and the Wheat Board decides it then?

Mr. WATT: Very largely yes. They put pressure on us last year to reduce the diversion rates and we agreed to a reduction.

Mr. ARGUE: You agreed at that time that there was a reason for the reduction?

Mr. WATT: Not necessarily.

Mr. ARGUE: But you agreed to the reduction because you could not do anything about it?

Right Hon. Mr. HOWE: I do not think that is fair. The Wheat Board has no authority to say: "That will be the rate and no more". The Board of Grain Commissioners may have authority, but the wheat Board would not.

By Mr. Studer:

Q. If these diversion charges were eliminated, what would be the result? Would the companies absorb them, or would they lose as a result of not obtaining the diversion charges, or would they recuperate those charges through some other charges for handling, or other charges that go into the handling of grain? Would those companies, including the Pool organizations, absorb the loss from not having diversion charges?—A. I think I would have to answer you this way; that it is a question to which in my opinion you cannot say yes or no. If the diversion charges had been done away with, this last year or two when our revenues were very buoyant because of handling so much grain, I would say we probably would have absorbed them. But the point is that at sometime or other, because of drought or other reasons, none of us expect to continue with the very high rate of handling which we have at the present time. And then, when you get back to a period where history repeats itself and handling slow down, the question of revenue from diversion charges then becomes a very important one.

Take any company; take a company like ours; suppose we handled last year 90 million bushels, and suppose the average earning was 7 or 8 cents; I do not care what it is for the sake of argument. And suppose we come to a year in which our handling dropped by 20 million, as it might, if history should repeat itself. Now, multiply 20 to 25 million bushels by 7 and you get an idea of how our revenue might go down at any time.

And then as grain becomes scarce, when there is not the same quantity of grain, it goes through the elevator much more rapidly and we do not get the storage. So there is all the difference in the world in the way of revenue which the grain company has in years of high production as against years of low production. I do not think I can make any other answer than that.

You say: Would we absorb it? Well I am of the opinion that probably if it had happened within the last two or three years, when we were having big handling, we would have absorbed the cost. We do not want to go back to the farmer and say: "Pay a higher rate."

But I would only be repeating the opinion of a lot of those in the trade when I say that we are very anxious as to whether we can possibly go on and give the service that we are giving now at the same rate when we get into a period of much lower crop production and crop handling.

By Mr. Studer:

Q. You do not know beforehand how much of your grain is going to be diverted, suppose diversion charges were to be eliminated on wheat ordered to be diverted. Let us say one company was ordered to divert 100 cars, and another 5 cars, and another pool 15 cars. They would be suffering according to the loss of their terminal earnings on that number of cars; therefore if diversion charges were eliminated, how could it be fair to these different companies unless it was diverted equally?—A. I think you have an argument there, Mr. Studer. We consider it to be a legitimate part of our revenue. We have got it and it is a supplementary revenue; and when we go to the expense of gathering the grain and taking care of it while it is in the country elevator, we do not see why somebody else should come along and enjoy the revenue from the terminal or the mill without compensating us somewhat for the grain which they have taken from our handling and our terminal.

By Mr. Castleden:

Q. In looking over the records of your reports I notice that in the last three years you have declared exactly the same patronage dividends. Wheat 1½c., other grain ¾c.—A. Yes.

Q. And the same with other grains; how do you arrive at that?—A. Arbitrarily, Mr. Castleden. We have deliberately withheld money and not declared it in patronage dividends. We have preferred to pay income tax on it in order to build up our cash working capital for the purpose of building further space. And our shareholders, in annual meetings, have endorsed our procedure. They have been willing to forego part of the dividends which they have earned to enable us to build up our working capital.

Q. The 1952 figures show that you paid out \$950,000 in dividends as compared to 1950 with \$550,000.—A. We handled much more grain.

Q. Your results in Saskatchewan, where you have previously had 100 elevators, and where you bought out the Reliance line, would show that your business had been improving.—A. Oh yes.

Q. Most line elevators in that province have shown up much better in the last three years, and they have had the same experience as you have had in Saskatchewan. Now, the Wheat Board sends orders to the grain companies to deliver so many bushels of grain of a certain grade and to take it from a

definite point.—A. My understanding is—and Mr. Watt can correct me if I am wrong—they designate certain shipping points or areas from which the grain should come.

Q. Since the Board has this control and they are the ones who determine how much business your company shall do, do you still feel secure, supposing you come into another period of free delivery, that your opportunity to expand or grow would be exactly the same, or will it depend upon the will of the Wheat Board how much business you can get because they will give the orders out and have the power to direct the orders to whichever company they wish? —A. I think that the Wheat Board's policy like every other organization's must be based upon conditions under which they are operating. I do not anticipate that the Wheat Board would follow the same policy it has now with respect to deliveries if it got to the point where grain was moving freely. When that time comes we take our chance and the tradition of our company has always been not to ask governments for help at any time. We have always felt that a cooperative should be able to meet competition and carry it through.

Q. I would support that 100 per cent. You said that the Board's deliveries—and they allocate their orders for deliveries on the basis of stocks—and had it not been for the allocation of cars coming into elevators, elevators would not have had the stocks which they have today which may form the basis of the present deliveries.

The CHAIRMAN: I think there is a misunderstanding there. We have been under this misunderstanding all morning. When Mr. Riddel referred to stock, he was not thinking of volume, he was thinking of grades. It is the weather that gave that stock to the various elevator companies.

Mr. CASTLEDEN: But the control was entirely within the board. I do not want to be misunderstood that we are against the Wheat Board. I think every grower in the west would much prefer the Wheat Board at the present time even though it has meant a terrific reduction in Saskatchewan cooperative handlings over the past few years.

The WITNESS: Our organization is solidly behind the Wheat Board, sir.

Mr. GOUR (*Russell*): As one gentleman speaking to another gentleman, I find that you are a gentleman as I am, and you should stay in your chair when answering the questions.

The WITNESS: Thank you, but somehow or other I seem to think quicker on my feet.

By Mr. Argue:

Q. I thought that it was a very significant statement Mr. Brownlee made on diversion charges, namely that the elevator companies could have gotten along quite nicely without them in the last two or three years—could have gotten along without them in any event. I hope you are right that the congestion is not going to be with us very long and that we will get back to normal.—A. May I interrupt. I did say, and I repeat it, that if we had had to do away with diversion charges in the last two or three years we would have preferred to absorb them rather than go back to the farmer and ask him for more. You have seen our statement and you know that last year or the year before we have made money. Keep in mind that the grain business is a prince and pauper business. We make money when we get the grain, but we can lose money just as fast in years when the grain does not come. The Wheat Board has said to us that we should have reduced our rates in the last few years. Our worry is that unless we can enjoy the earnings in the good years, we do not know how we can give the service which the elevators are giving when the years go against us.

Q. When do you have the discussion on diversion charges?—A. We usually meet the Board of Grain Commissioners in the month of July, and the Wheat Board in August.

Q. For handling charges for the crop year that is immediately before you?—A. I think that before last year we used to meet them earlier, in July, but last year they wanted us to wait until they knew the nature of the crop. We met in August and settled the terms of our contract in August last year.

Q. I had in mind if you had the discussions at a time when you could assess the probable size of the crop you would be in a position to know at that time whether you were going to be in a competitive position of normalcy when diversion charges may be necessary and you would also know whether you were likely to be in a continuing period of buoyancy?—A. Do not take it that we feel that is a matter that could be dropped one year and brought back the next. Once you give up a source of revenue of that kind it is gone. We feel that the diversion charge is a legitimate source of revenue for elevator companies. We have enjoyed it, and there is a reason for it. We think it should be continued. We did make some concession with respect to Churchill and Prince Rupert I think. But this is a legitimate charge, something to which the elevator company is entitled because it is giving up a source of earning. We do not agree that because we had a big year this year we should drop it and hope to get it back.

Q. You did make the statement that in the last few years your company could have gotten along financially without the diversion charge?—A. It stands to reason when you look at our balance sheet and see a gross profit running up to \$2 or \$3 million we would not have gone into bankruptcy if we had to drop \$100,000 or whatever it would amount to. I simply say that if we had been faced with that ultimatum, that we had to give it up, for the last year or two we would have preferred to absorb it rather than go back at a time when the farmer needs the money and ask him to pay a little bit more. But we would have anticipated that some day we would have had to make that one of the reasons for asking for higher rates.

Q. You were asked a question by Mr. Johnson and I think this is about what he asked you: whether you had taken into account what would happen if farmers were able on some basis to deliver to the elevator they thought best, and I wrote down what I think is approximately your answer. You asked a question back to Mr. Johnson as to whether it would be fair to ask a company to dissipate its working capital. Can you explain what you had in mind when you were asked about a formula to give the farmer the right to deliver grain at the elevator of his own choice and you referred to a dissipation of the working capital of United Grain Growers?—A. I feel that you misunderstood what I said. I cannot bring those two things together in my mind at all.

MR. TUCKER: What you had in mind, as I remember it, was in order to build up your delivery you felt under pressure that you should expand your storage capacity and take that out of your capital and that when you did you should get some benefit from it.

THE WITNESS: That is true. My argument again is simply this: what is the reason why this is being urged if it is not the belief that to go back on a long term average will boost the earnings of one company. If that is the case am I not just as logical in saying that if we have built up our handling 20 or 25 per cent over a period of three or four years and had to go back to a long term average it would take business from us.

By Mr. Argue:

Q. I would not argue for a minute that there was not another factor and I think Mr. Milner, if I remember correctly, said that he would be taking that

factor into account.—A. I have every confidence that Mr. Milner would do that if he could. But in 1943 when the Wheat Board put in the same plan they found that there were about one hundred exceptions and I think I am right in saying that was one of the reasons for their giving it up. My opinion is that with the development of the last five years the number of exceptions would be bound to be such as to make the plan unworkable. As regards dissipation of assets, I think I remember when that question came up. Somebody suggested that as one of the reasons that a co-operative like the Wheat Pool may pay its dividends in cash, and I suggested then that if you pay dividends in cash where we, say, have been arranging with our shareholders to pay them over a period of time, that that is dissipating assets. The word “dissipating” there is probably an unfortunate word. I probably should have said simply “using the working capital to pay dividends in cash”. If you wanted to do that, you should hardly ask at the same time to have the business at that point regulated so that somebody else who does not do that does not get any advantage.

By Mr. Argue:

Q. We have been talking about a formula that was suggested to us last week on a 10-year average, or cycle as it was called. We have at times advanced other alternatives, and I would like to get your comment on this as a possible alternative. Supposing you allowed each wheat producer in western Canada, at about the time he normally takes out his permit book, to say in a special vote for that purpose in the permit book, by way of entering his acreage, where he wished to deliver his grain for that year. Suppose at these points where you increased your capacity and your facilities, those and every other point, your farmers were allowed, when they filled in their permit book to say, “We have a thousand acres in crop; we want to deliver half of it to the U.G.G. and half to somebody else,” and other farmers did something different, and then you took the sum total of this acreage vote by farmers as to where they wanted to market their grain, and you found out that your company was to get, say, 30 per cent of the voted acreage by the farmers, would there be anything unjust in saying that as a result of the choices made by the producers, for the next year in so far as it was possible your company should get 30 per cent of the box cars? We have discussed that and everybody has his own ideas. I am just interested in getting your reaction.—A. I respect fully the views of those who advocate that plan. I can only give you mine in reply. I do not know of anything that I would regret more than to see that plan introduced into the grain business of western Canada. That is equivalent to having a yearly election.

Q. Correct.—A. You are in the Dominion House, as well as the provincial houses, have found it necessary to surround elections with all kinds of preventative legislation to be sure that the election is carried on in proper and legitimate ways, and you have tried to stop bribery and everything of that kind. Now, in my judgment, sir, with the greatest of deference to your view—I know you hold that view—on the day that that is introduced into the grain handling business of western Canada we bring back many of the abuses that existed in that business years ago, and every year you would have the elevator companies out in a mad scramble to try to get permit books signed up. You would have all kinds of inducements offered to the farmer, and personally—I really honestly think, sir, that it would create a very bad situation again.

Q. You would get some competition?—A. As far as I am concerned, I have to say that to me that would be the least desirable. The plan of the Saskatchewan Wheat Pool employees for the short term, from 1945 to 1949, is the second least desirable, because it is too far removed from the present

conditions. The plan suggested by Mr. Milner is much better, in my judgment, and has much more in support of it than the other two. The reason that we still do not agree with his plan is that we do not think, without so many exceptions that you would ruin the plan, that it could be made to do justice to the companies that have built largely and widely. But my main objection—and I come back to this—is that I think the whole question is academic, because to me you could not possibly operate a plan of that kind today with the present plan of the Canadian Wheat Board in forwarding grain. You have a certain car cycle, say, at Dauphin, Manitoba. If we get directions from the Wheat Board which permit us to ship grain from that area—and we may want to ship it from Dauphin, it will override any car cycle. It will override any kind of a car cycle you want to put into effect. That is my view, and I think you would come to all kinds of absurd positions if you tried to run a car cycle such as has been suggested along with the present plan of the Canadian Wheat Board in forwarding grain to the market. I would add that, just as in 1944 when the board followed that plan all through their liquidation of grain, in my judgment that plan is here to stay until we have liquidated this surplus and get into freer competition.

Q. Mr. Brownlee's position, I think, Mr. Chairman, can be summed up quite fairly that, as far as any conclusions he has arrived at today are concerned, he is not in favour of any action to correct this very bad situation that he and we all know exists, in which it is physically and humanly impossible for a farmer to deliver to the elevator of his own choice. I am making that statement and I intend to continue from there.

The CHAIRMAN: Just a minute. You gave an interpretation of what the witness said. I think you should give the witness a chance to — —

Mr. ARGUE: I just want to continue with my statement at this time.

Mr. TUCKER: Mr. Argue said that that is what was said. The witness is entitled to correct that. You laid it down as what he said.

Mr. ARGUE: I have a right as a member of this committee to give my own personal opinion as to any evidence we have here. I think this is—

The CHAIRMAN: Order. I want to be fair. I apologize if you misunderstood me. It was not my intention to interrupt you, but you said that the witness had said such and such, and I got the impression that the witness did not quite agree with you that he had said such and such. So there is no point in going on.

Mr. ARGUE: If that is your ruling, that is fine.

The WITNESS: Go ahead and finish and I will answer.

Mr. ARGUE: I understood Mr. Brownlee to say—and he can correct me if I am wrong—that as far as his thinking has gone to this point he does not see that any of the suggested alternatives are an improvement on the present situation. I believe the record will show that that is all I said. Then I was going to my own statement, and my own statement is that the producers of western Canada will be very sorry indeed if some action is not taken, different from what has gone on in the past, to correct this situation with which we are faced. I think even the minister implied—at least I hope he did—that active consideration was being given to some possible method which might improve the present situation.

Right Hon. Mr. HOWE: I would not like you to suggest that in my opinion the present situation favours any group of producers. We have all the co-operatives in attendance here. I would like their representatives to say so before I would believe it seriously. I suggest that you are giving Mr. Argue's views on the situation.

Mr. ARGUE: I am giving my views—I am not giving anyone else's. I am a member of the committee. I give my own views. I believe, Mr. Howe, you said last week that Mr. Milner would be before the committee and he would have certain suggestions to put before it for consideration. That is all I meant and he has already done so. I think putting those suggestions before this committee and having this discussion is a good thing. Mr. Brownlee suggested that allowing the farmers themselves to elect, on the system I had outlined, where they wish to deliver their own grain, that such a thing might lead to all kinds of abuses. As I heard him, Mr. Brownlee did not say what those abuses were but made the statement there would be all kinds of abuses. As I see it, what it would do is put some competition back into the handling of grain at local elevator points. If I am a producer and want to buy a combine I go to town and let the various agents know I am in the market for a combine and they use all kinds and all methods of persuasion—legitimate business methods—in regard to my business. They make one or two trips out to see me. I have bought so little machinery—this is purely a hypothetical case.

Hon. MEMBERS: Hear, hear.

Mr. ARGUE: —they make two or three trips out to see me. They offer me so much for a trade-in and they do a number of things in the hope that they will be able to close the deal and get my business, and I submit with great respect that is all that would happen if the farmer himself had a right to elect where he wished to do his business in the marketing of his grain for the next year. He might be canvassed. They might attempt to influence him in order to get his business, but I suggest that is just straight competition which no one should back away from.

By Mr. Castleden:

Q. Is it not true that under the present situation in a place where the U.G.G. have elevators in Saskatchewan; that many Saskatchewan Wheat Pool farmers have been compelled and are still compelled to deliver their grain to your company or to the opposition companies instead of to their own pools at a loss of the dividends the pool pays of three cents a bushel? They have been compelled to deliver their grain to elevators other than the ones which they own. —A. Well now, Mr. Castleden, that is a question that neither you nor I could make a statement on because we would have to check the deliveries at every point. I could say, just as well, that many of our customers might have had to deliver to the Saskatchewan Wheat Pool. Undoubtedly, at the present time and under the present conditions, farmers go from one place to another where they can get space. We have not heard it complained about—that I am bound to say. We have not heard it in the country from the rank and file. We hear it from some other people, but not from the rank and file.

I will now reply to Mr. Argue. He put his interpretation on what I said and I have to leave it to the rest of the people as to whether it is the interpretation that they gathered. We have at the present time a system by which at congested points cars are delivered pretty much elevator for elevator. There have been places in Saskatchewan and Alberta in the last year or two where the car order book has been put into effect, but by voluntary action of the people in the district it has been dropped because they thought it was fairer to the big and the little farmer that there should be some kind of an even distribution. Personally, I do not like the present system entirely. My difficulty is to find something better in a time of emergency such as this, and I did not say there was nothing better. I say that what the Wheat Board is doing today—I thought I made it perfectly clear—that the policy which they have in effect constitutes the best kind of car cycle and is an improvement both on the present situation and on anything else that has been devised. That is the view I hold very sincerely.

By Mr. Argue:

Q. How is it an improvement on the present situation?—A. Well, because it gives an opportunity to the larger companies to gradually work back. Suppose the Saskatchewan Wheat Pool is at a point with 100,000 bushels and another is there with 30,000 or 40,000 bushels and an order comes to deliver certain types of grain they can handle. They are going to have more space than the other fellow and with that process going on, in my judgment the same thing will happen as occurred back in 1944. You will see the Wheat Pool percentages start to increase in the course of a few months if the Wheat Board keeps up the present scheme.

Q. Would you just explain to the committee the way the Wheat Board implemented its scheme two or three months ago before the change and what the change is? I think it is quite correct to say that we were not given very much information concerning the changed policy when the Wheat Board was before us. I am very interested in learning what the nature of that change is.—A. I would not want to go any further than the answer Mr. Riddel gave the committee on page 44 of the evidence.

The CHAIRMAN: Number one of the evidence of the committee.

The WITNESS: You will see that you were suggesting on that occasion that they work on a certain percentage. With due respect I think you are quoting what you were trying to get the Wheat Board to say, but the Wheat Board said this: "As far as the board is concerned, it has only two bases on which it can allocate the orders. One would be the number of elevators each company has in the locality from which shipments are being made—"

Mr. ARGUE: Would you tell me from what page you are reading?

The CHAIRMAN: The centre of page 44.

The WITNESS: "—and the other the total stocks that each company has of the kind of grain that the board wishes to ship."

In other words, the Wheat Board is holding this in a flexible position depending on what it wants to send to market, and the quantities that it feels it can handle. My understanding is, and always has been, since they put this into effect, that they draw on the companies in proportion to the stocks they have on hand and that gives an advantage to the larger companies. I would not be urging what I am urging today if I did not have the conscientious belief—others disagree with me but it is my belief—that in the course of a few months it will be found that that constitutes a cycle—a car cycle—and keeps the government entirely out of the business directly through any officer and that it will prove to be the most flexible type of car cycle. In my judgment it will prove in six months not to be interfering with either one of the pools.

Mr. ARGUE: I take it that you are saying that is the Wheat Board's policy for shipments, allocating them, on the basis of the stocks available of the wheat in demand amongst the elevator companies at the time of the allocation and the time it is in demand. All right. On page 43 of the same report I said this to Mr. Riddel:

If you add up all your car orders and all of the box cars of grain ordered by the Wheat Board in Saskatchewan, would it be fair to say that the Saskatchewan Wheat Pool received approximately 43 per cent.

Mr. Riddel: If that is the percentage of handling for this year, the percentage of handling would compare relatively with the percentage of shipments.

Well, then, I come back to this, that that is my interpretation, sure. You gave your interpretation. It is a matter of interpretation. I do not think one is in conflict with the other; and that is, if the Wheat Board allocates 43 per cent of the box cars to an elevator company based on the policy outlined at the middle of page 44, and that in turn must result in that grain company

handling that percentage of the grain. Now, explain to me how that is not correct, that if the Wheat Board gives your elevator company 30 per cent of the box cars—I do not know what you might ordinarily get—based on your stocks available, then show me why that would not result in your company buying about 30 per cent of the grain?

Right Hon. Mr. HOWE: We have heard Mr. Brownlee's evidence that he believes that the Wheat Board's method of forwarding wheat is a fair one. Presently, we are going to hear from the other interests involved. Why don't you wait until you hear someone who agrees with you that it is an unfair method, in the possible event that you are the only one who thinks it is unfair.

Mr. ARGUE: I cannot take any chances.

Right Hon. Mr. HOWE: Well, if you are the only one who thinks that is unfair, why waste so much of the committee's time. Just say that Mr. Argue does not believe it.

Mr. ARGUE: I want to have established the percentage of wheat upon which the Wheat Board allocates the box cars.

Mr. JOHNSON (*Kindersley*): I am one of the producers who has come here recently and would like to express my opinion in favour of a system allowing me to deliver to an elevator of my choice, and I think that goes for every farmer in my community.

By Mr. Tucker:

Q. They hold meetings of their farmers and this has not been discussed in their meetings. There is one thing that occurs to me and it is this; that a farmer, I know, hates to tie himself down to one elevator and then find that the elevator, perhaps, is not giving him a fair deal, and then find that he cannot go elsewhere. I know farmers. Have the farmers not discussed that attitude at all at your meetings with them?—A. I hesitate to answer that question, Mr. Tucker. However, you have asked it and I have to give you an answer. As I said before, we have never had the question raised at one of our meetings with farmers out in the country. It may be that there is a different brand of farmers who come to our meetings. I do not know. But I can say that that question has never been asked at one of our annual meetings. We have never had it raised at any of our country meetings. Our fieldmen are out in the country and they report that it has not been raised at meetings which they have attended.

Q. If this were put into effect, you would have to change the Canada Grain Act to the effect that you could not now take delivery of wheat if the farmer had signed one of these contracts at the beginning of the season. You would have to change the Canada Grain Act and your obligation to take delivery of wheat; moreover, your agent would be under strict obligation to find out if an agreement like that had been signed or not. Would there be any great difficulty in enforcing that rule, and what effect would it have on the ability of your agent to carry it out under the Canada Grain Act?—A. I am not sure that it would be too serious in that way. I presume that Farmer "J" who may have signed one of these contracts to take his grain to one elevator might find, when he goes to deliver, that there is space in another elevator. He may take it there and I think he would be entitled to deliver it there.

Why is it fair to ask the farmer to bind himself in advance for a whole year as to where he is going to deliver his grain when he might find, later on, that he wants to deliver it somewhere else? Why put him in that position? That is one of the reasons why that plan does not appeal to me. I cannot say any more.

By Mr. Charlton:

Q. In view of the dangers which you point out in this situation and in view of the argument which Mr. Argue put up, do you not think that if that argument were carried to its ultimate conclusion it might mean something very different in our marketing of grain than has been the case?—A. I could not say that. I do not know.

Q. In a year of competition it is a little different than it has been in the last few years?—A. Someone made a statement to which I would like to take exception, that there is no competition at the present time between elevator companies. There is competition and there is strong competition between companies today.

Mr. ARGUE: Based on the number of box cars which they get.

The WITNESS: After all, this is a temporary thing. And I hope that our agents are just as busy as ever in trying to make friends with the farmers and doing everything that a salesman can to build up the position of the company. We consider that there is competition today.

The CHAIRMAN: Now, Mr. Bryson.

By Mr. Bryson:

Q. I was just going to comment on the very severe criticism which Mr. Brownlee applied to Mr. Argue's suggestion. It seems pretty obvious to me that a large percentage of the UGG's customers are not UGG shareholders. What would you say would be the percentage?—A. Well, of course, I am at a loss to know how you deduce that; but I think I gave a figure this morning of around 70 to 75.

The CHAIRMAN: I think you said 70.

The WITNESS: Somewhere around there, yes. We do not profess for a moment to say that all the customers under present conditions are shareholders. But I can say that a very large percentage are, and very loyal, generally speaking. However, I do not like to contemplate an annual appeal with all that it implies. I shall not say anything more on that.

Mr. STUDER: I have a question, on a change of subject, Mr. Chairman.

By Mr. Argue:

Q. I am interested in the statement that there is very active competition in the grain buying business at local marketing points. How is it possible for there to be competition when, if any one elevator gets a box car, the farmers line up in front of that elevator immediately to fill the space that the box car makes available? Under these circumstances, the wheat apparently goes to the elevator which has the box car; but UGG members or your producers along the line of that elevator will leave their trucks for 4 months at a time hoping to stay in the line so that they will not miss their turn 4 months later.

Mr. CASTLEDEN: There is competition to get the box cars.

Mr. HARKNESS: That must be those farmers with 2 or 3 big trucks who can do that.

The WITNESS: I thought I had with me this morning a statement showing the space at the present time. Please do not think that every elevator in western Canada is plugged now. It is not. There are many elevators, quite a few, with space.

By Mr. Argue:

Q. Mr. Milner has got a document which will give you every elevator in Canada.—A. Take our own system. I think that we have 5 million bushels

empty out of our 35 million space in the country today. There are probably 5 million at different places that are open.

Q. Is that for grain that is available by grade?—A. I know that, making allowance for working-space, you can say there are 2½ million in elevators in the eastern division only. The last statement I have, May 4, shows that we have 2,650,000 working space in Saskatchewan and Manitoba now.

Q. Could you tell me the smallest amount of working space relative to the approximate capacity that you would ever have. When it was plugged last fall at harvest time what was the working space?—A. I am sorry, I cannot give you that.

Q. Would you not think that in comparison to your total capacity this is a very small working space? This would show that there is very very serious congestion right now?

Right Hon. Mr. HOWE: A good many elevators have taken in their 7 bushel quota, and are not allowed to take more, and thus there may be vacant space in Alberta today.

Mr. ARGUE: There are a few exceptions.

The WITNESS: Agents are still bidding against one another at various points where they have space. I could not subscribe to the statement that there is no competition today between companies.

By Mr. Mang:

Q. You would say, Mr. Brownlee, that on this point of competition between companies that the human element enters into the obtaining of grain and in the handling of grain. It is I think true to say that in all business, no matter what it is whether selling safety pins or selling millions of bushels of wheat, the human element enters in. If you have a poor salesman or a poor buyer at a point, that is going to influence the amount of grain taken in at that point very often to a considerable degree. Do you say that a large measure of competition is due to operating under this element?—A. Undoubtedly. We consider the personality of our elevator agent to be a very large factor in getting grain and we consider that an agent is on the job all the time and working all the time to make friends.

Q. Even in a rigid delivery system such as has been suggested here, as for instance having virtually a vote every year as to where you are going to be able to deliver, would the human element be apt to operate in that field at those levels?—A. Undoubtedly the human element would operate, but there would be a lot of other factors such as field men out canvassing. As I say the best comparison I can make is as with elections.

Mr. HARKNESS: It would increase the cost of the elevator companies if they had to send out investigators?

The WITNESS: Probably.

Mr. HARKNESS: And there would be an increase in rates?

The WITNESS: No I do not think so.

By Mr. Studer:

Q. This is on the subject of overages and shortages, one of the major issues in the country. Last week as you will recall, or most members will recall, we were discussing how these overages could accumulate. You have on page 5 reference to shortages and overages by grades. Would it be correct to say in the matter of operating an elevator, pool, co-op., or any other, that the subjects of grade and overages cannot be separated. That is, in your final profit or loss that you may have at the end of the season that the two have to pretty well go together; or do you say they could be segregated and

you could operate if you had a grade loss and had a sufficient overage or the other way around. Perhaps I could explain it further. We have been discussing overages and very little has been said about grading gains and it would appear to me that operators of elevators would be in two positions, grading and overages. I would like to know from your experience over the last ten years, how many years there were that you ended with grading losses?—A. I am afraid that I would have to say with the deepest regret that we have ended up every year in the last ten years with grade losses.

Q. Then, operating your co-operative as you are and others are, there is no compensating factor to that grade loss except an overage, is there?—A. I will not say that they are inseparable. I would like to consult my accountant before I make an answer to that. But, I am inclined to think that the two are interwoven. I quoted this morning, for example, to show how on many cars there is a grade loss and a slight overage but the grade loss is much greater in dollars and cents than the overage amounts to. So far as the returns which come to me as the president of the company are concerned, there is an attempt to try and separate them and show how much could be accounted for on the one hand for overages and shortages and how much by grade gains and grade losses. But it is pretty hard to do because to a large extent they are interwoven and a grade loss may mean an overage.

Q. You mention here on page 5: "It frequently happens, however, that a grade loss will be accompanied by a resulting overage in the net weight. That, to some extent will tend to offset the cost of the grade loss." The other point I had in mind was this. We were discussing last week the possibility of agreement between the seller of the grain and the buyer, and among some of the discussion that took place it appeared as though what disturbed some people here on the committee was: Using an example if I bring a load of No. 5 grain to the elevator, what I think is No. 5 grain, and the elevator man thinks is No. 6, we discuss it and if he thinks it is No. 6 and I think it is No. 5 and there is a difference in the allotment of dockage which you will allow as between No. 5 and No. 6—the lower grade of grain has a higher percentage of dockage—suppose we agree I will have the No. 5 but I will be willing to accept the dockage of No. 6. Now last week some people were disturbed by that and said that that agreement as between myself and the elevator agent would be against the Canada Grain Act. I would like to have that thing pretty well clarified because I do not think that there is anyone operating against the stipulations of the Grain Act. If we are both agreed on the grade and the dockage, and if that is not what we should have in a free country like this, then I want to know it. I think we should have some enlightenment on the subject as to whether that is permissible or as was stated last week that some people were more or less horror stricken that such a situation should exist.—A. Well, Mr. Chairman, I do not think that I should pose as any authority in answering that. I am only a poor lawyer. First of all, from the standpoint of the Act, I am bound to say that I cannot see anything in the Act that makes it illegal to do that very thing. I listened to that debate. If you turn to section 159 you will find it reads: "Every one who, either generally or in any particular transaction relating to grain, induces or attempts to induce the manager of any elevator, or any person acting on behalf of such manager, to state the incorrect weight of any grain delivered into or out of such elevator, or to claim excessive dockage..." You will see in the plain English of that section that it is related only to the manager of a country elevator. There is nothing which makes it apply to a farmer. Section 159, therefore, in my opinion does not apply. And, if you turn to section 112 I think that it makes it clear that it only applies where there is not an agreement. Now, having said that in my opinion the practice—as I say I can only give you the viewpoint which occurs to me from reading

the section—but having said that, I have to say that I would discourage the practice wherever I found it cropping up because it almost inevitably leads to a grade loss which we want to avoid.

Mr. MANG: Is not the important word in that section the word “induce” as placed along the side of the word “agreement”?

The WITNESS: Yes, but it is “induce” the manager of a grain elevator, not the farmer.

By Mr. Argue:

Q. But, any person who does the inducing is liable to an offence?—A. In any penalty clauses of this kind it involves something of what we call in law “the guilty mind”. I just cannot imagine that applies to a farmer and the agent who come to an agreement of that kind and act accordingly, keeping in mind that there may be room for a difference of opinion as to what the proper grade may be. I cannot see any action succeeding against either the manager or the farmer. I do not think that was contemplated. Again I say that as a matter of policy we discourage it because it leads to grade losses. We do not like the practice, but I would be the last man in the world to say that it does not take place.

By Mr. Argue:

Q. I am not going to pursue this to the nth degree, Mr. Chairman, but I would suggest that section 162 of the Act, to my inexperienced mind, provides another penalty which might apply. This is a thing that I would like to get cleared up. I have stated it as a matter of opinion, and Mr. Johnson did too.—A. I would rather get a lawyer to answer this.

Q. This has to do with the grain business, not with legality. I stated it as my opinion that it is not a general practice, that elevator agents rarely do it,—that is offer to give one grade better in exchange for taking excessive dockage. We said, as far as we knew, this did not happen frequently. I am just asking. I wrote something down in my notes this morning that you instructed your agents to weigh accurately and grade accurately.—A. That is right.

Q. Don't you think that in the transactions between your agents and the producers by and large there is no excessive dockage taken?—A. Mr. Argue and gentlemen, I have a tremendous amount of sympathy with the elevator agent. Take the year in which we had the frosted grain in western Canada. We had elevator agents who resigned that year because they were not prepared to go on offering the proper grade which they were supposed to give in communities where they had lived for 10 or 20 years and knew all the farmers there and were good friends with them. We had one agent particularly who felt that he could not stand it, and he resigned. Those men were under terrific pressure from the farmers in that district. So far as I am concerned, I would not say for one minute that there may not have been quite a few agents who tried to compromise in some way with the farmer in order to give him what they considered to be a fair deal under conditions of that kind. I certainly could not go so far as to say that a practice of that kind does not exist. I will not say that it is general, but I do think that it happens. I could not put my finger on a single case, and to the best of our ability we discourage it, but certainly I will never say for a minute that it does not take place.

Q. I am not asking you to say that. You would have to be able to read the minds of every producer and elevator agent in Canada. But in that year when the grades were so low and there was naturally pressure from farmers to get a higher grade—every farmer wants to get No. 1 if he can, but he does not start dickering on dockage in order to get a better grade. Have you your-

self run into instances where such an offer had been made? You said you did not think that it did not take place. Do you know that it did take place?—A. I do not know of a single case. I could not put my finger on a single case where it happened. At the same time, neither would I go so far as to say that it does not happen, because I cannot say.

Mr. ARGUE: I would not either. I would only say the same as you.

Mr. STUDER: The remark was made about giving one grade more in exchange for the dockage, or the other way around. I cannot see that that would happen except in marginal cases, that is where there would be doubt between the two grades of wheat, and there has to be a margin somewhere. There is a dividing line between all the grades that have been designated. As I mentioned, and I think you answered it rightly, when there is a doubt between the agent and the farmer as to that grade, both are interested. The agent is interested in protecting the farmer and the farmer is interested in protecting the agent. The farmer does not want the agent to lose the grade and the agent does not want the farmer to lose the grade. It conforms exactly with the last few lines in the statement that has been presented, that they are protecting one another, so that neither of them will suffer a loss on the transaction. I cannot see where there should be anything wrong in that.

By Mr. Cardiff:

Q. In case of a dispute, is it the elevator man who defines the grade?—A. There is a provision whereby samples are taken, if there is dispute, and those samples may be adjudged.

Q. Why is that not done? Instead of the elevator man and the farmer having to come to an agreement on the grade, why is it not submitted to somebody who knows what the grade is?—A. Quite frequently it is, but on the other hand we have had years in western Canada in the past when we had grain so near the margin between different grades that samples would be graded differently by different government inspectors. When you get marginal grain so close, surely you cannot blame an agent if sometimes he gives the customer the benefit of the doubt as to what the real grade is.

Mr. STUDER: On page 6 it states: "The grading of 17,952 cars of grain was changed on re-inspection", which shows how close they are to the marginal distinction as between two grades.

The CHAIRMAN: Are there any more questions?

Mr. TUCKER: I have one on a different subject. Mr. Brownlee, you heard the Board of Grain Commissioners give the legal opinion in regard to the rights of the farmer under the Canada Grain Act to deliver grain, insisting upon the right to have it stored subject to grading and dockage even if the elevator agent could not keep it separate. I wonder if the men on the Board of Grain Commissioners feel they could not insist on the elevators doing otherwise than refusing if they do not have space for that particular type of grain. What do you say as to that?

The WITNESS: Well again, that is a legal question, I think, but what I can do, as a hurried answer, is to read section 108 in my copy of the Canada Grain Act—I think it is section 109 in the recent copy:

"109 (1) Except as provided in section 108, the operator or manager of every licensed public country elevator shall, at all reasonable hours on each day upon which the elevator is open, receive all grain offered thereat for storage without discrimination and in order in which it is offered, provided that there is in the elevator available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered."

If farmer "J" brings grain into my elevator where I am an agent, and I think that it is No. 3 and he thinks that it is No. 2, and I may have some space for No. 3 but he insists that it is No. 2, I certainly cannot under that section see any obligation on me as an agent to take that grain and put it in a No. 3 bin. Later on, if by any chance he happens to be right and it is No. 2 and he comes in and demands his grain back again, I cannot give it to him.

Mr. TUCKER: Then the argument is that you could pay him for grain of that grade at that rate? In other words, if the elevator agent was wrong why should the farmer not get paid for the grade it was found to be? I cannot follow the argument against it.

The WITNESS: The section reads, Mr. Tucker, and you are a better lawyer than I am—

Mr. WESELAKE: You are much too modest!

The WITNESS: I will read the words: "—available storage accommodation for grain of the variety and grade of such grain and of the character desired by the person by whom the grain is offered".

Now, if the person offering the grain says it is No. 2, I do not have to take it unless I have space for No. 2. I have to take it, as an elevator agent, if I have available storage accommodation for grain of the variety and grade desired by the person by whom the grain is offered. That is, the farmer.

By Mr. Tucker:

Q. As I understand the objection practically, you do not have space for No. 2 and he insists that it is No. 2 and you would therefore have to throw the grain in as No. 3 and if it is found to be No. 2 you have to pay for No. 2 and you lose the difference.—A. That is correct, and I do not think there is anything in the Act which forces us to do it, and I do not think that was contemplated by the persons who drew up the Act. If there is a dispute of that kind and a farmer wants an agent to keep it separate I do not think there is anything in the Act as it is now or as it might be drafted which provides for that.

Mr. CHARLTON: What would happen if he were willing to take No. 2 grade with less dockage?

Mr. CASTLEDEN: Mr. Brownlee referred to the Saskatchewan Wheat Pool Employees Association asking for changed hours of work. I think you meant hours of delivery and I know they did in their brief. In asking for an alternative they stated they would still work all night?

The WITNESS: That is what I meant. We are in entire sympathy with it, and we think there are many points in the west, around Portage la Prairie or Brandon and other places where the roads are good, where reasonable hours can be worked. I do not think that would do an injustice to the farmers. As I said this morning, in meetings with agents, ever since I have been in my present situation which is some six or seven years, I have never failed at any of those meetings, nor has Mr. Watt, to encourage our agents to go and make arrangements where they can. I think there is some substantial progress being made along that line, but I do not think the time is here to go any further because there are still places in western Canada where the roads are bad and haulage is long. I think probably the Board of Grain Commissioners would be in rather an embarrassing position if they had to prosecute farmers and agents for delivering after hours at some of those points.

Mr. CASTLEDEN: With regard to those dust cleaners you mentioned, how many did you say you have in your system?

The WITNESS: At the present time, we have 25 which were manufactured locally for us in Winnipeg and about half of them are in the eastern division. Our company is divided into two divisions. The eastern division consists of Saskatchewan and Manitoba and the western division of Alberta. It happens

that we took over the whole, Alberta Farmers' Cooperative Elevator Company and they had elevators in Alberta that is the reason for the two divisions. We put about half of these in each division at points where we thought the dust danger was the greatest and we want to watch them for a full year or a couple of years. At the same time there are other types in some other elevators and, to the extent that we can, we are watching those, too. In price they run from \$500 up to \$1,000 and of course with 700 elevators you can see that it runs into quite a capital expenditure. Our purpose is that once we decide on a workable machine we will try to get them installed in the elevators which are most in need of them.

Mr. DINSDALE: Regarding the agents you employ, there was some suggestion by the Saskatchewan Wheat Pool Elevator Employees Association that there was difficulty in obtaining the right kind of employees. Do you find this is the case in your company?

The WITNESS: That has been our experience in the last few years in some areas. In Alberta, for instance, where the oil development has been taking place, people can go out and get very high salaries with very little experience and it has been difficult for us to keep elevator agents and to find the right kind of men. I think there is reason to believe now that it is easing off a bit so we may not have the same difficulty in the future. Also, I think elevator companies are endeavouring to hire a little better type of man than they used to. They now offer better wages and try to get a better type of men.

Mr. DINSDALE: What about the problem of training the men? Is there any justice in the suggestion that the training program is inadequate as indicated by the Saskatchewan Wheat Pool Employees Association?

The WITNESS: Well, I am in rather an embarrassing position because there is a little difference of opinion in our own organization as to what constitutes a trained agent. We are trying at the present time to work out some kind of scheme for training agents. We meet a little difficulty among the rank and file of the staff, but we are hoping we can make some headway. I think that is about all I can say to you about it.

Mr. DINSDALE: That would have only a small effect in the way of improving standards, and meeting this problem?

The WITNESS: Yes, after all, you have to learn to do a thing by doing it. Experience is the thing which counts. Mr. Watt and I have talked it over many times and we have the feeling that it is hardly fair to take a man and put him out in a country point and expect him to interpret our company as a cooperative and everything like that, and expect him to do his best work in meeting the farmers without giving him some kind of preliminary training. Whether we should start by calling in some of our younger agents first and putting them through a little school, I do not know. We made a survey in the United States where it was tried by some of the companies there and we have been considering the matter. All I can say is that the suggestion happens to appeal to me personally and I think it appeals to Mr. Watt. But how far we can put it into effect, I cannot say.

The CHAIRMAN: Now, Mr. Charlton.

By Mr. Charlton:

Q. Mr. Brownlee, last week there was some discussion on the number of cleaners and the amount of cleaning equipment there was in country elevators. Does your company clean the grain that comes into country elevators.—A. We have at the present time 112 cleaners in Manitoba and 131 in Saskatchewan. Of 220 to 225 elevators in Saskatchewan, 131 of them are equipped with cleaners and we have 112 in Manitoba. However, in Alberta there is not the same need for cleaners. Consequently there are not as many, proportionately, in the elevators in Alberta.

If you went to the 112 agents in Manitoba, or to the 131 agents in Saskatchewan and asked them about the value of cleaners and the extent to which they used them, I think you would get a great many kinds of answers. Undoubtedly they are being used in some places but not being used so greatly in others.

Q. What you say at page 2 of your supplementary statement would lead one to believe that you could not clean grain in your terminal elevators unless you had permission to do so from the Wheat Board.—A. I think you are confused. I did not say that we could not clean it; I said that we could not dry grain, which is quite a different thing.

Q. Neither mix nor treat grain?—A. Our obligation is this: when we take grain in with dockage, we have to take the dockage out; we have to clean it. Incidentally, if you went to one of our big elevators you would be rather astonished at the extent of the cleaning apparatus. We have 40 in our terminal at Port Arthur. When damp and tough grain comes into our terminals, we issue a warehouse receipt to the Wheat Board because it is their wheat. We cannot take the damp wheat and put it over the dryers without getting their consent; and they pay us the tariff charge.

As far as tough wheat is concerned, first of all we have to buy the tough wheat from them at their price and tell them what we are going to do with it; and then, having naturally dried it, we sell the product back to them at their price, so that they control the market.

That, so far as we are concerned, is the only thing that is done. Now there was some suggestion that it might be used in an improper way. But the terminal certificate is cancelled on the original grain and a new certificate is issued for the amount of dried grain. And that is where the water goes. It is just the difference between the two certificates.

Q. I understand that, but it is the feed situation I want to get at. This grain is cleaned at your terminal elevator?—A. That is right.

Q. Then it is sent back; and is not the dockage put into a lower grade so that it is usable as feed? Would you not necessarily have to mix? Does that grain still belong to you or to the Wheat Board?—A. I think that Mr. Watt had better answer your question because he has had more experience with this matter.

Mr. WATT: Perhaps there is a little confusion here in interpreting this particular paragraph. It has no relation to what you are referring to.

Mr. CHARLTON: It just says wheat.

Mr. WATT: What you have reference to I think is the statement made, I believe, last week that evidently the buyers of feed grain in eastern Canada were experiencing a mixture of screenings in the grain which they had bought. Now the point I think, is this; that if they buy a grade of grain such as, No. 1 feed oats or No. 1 feed barley, they must get exactly what the inspection department specifies as Number 1 feed oats or Number 1 feed barley.

Mr. CHARLTON: You mean the Board of Grain Commissioners?

Mr. WATT: The Board of Grain Commissioners; they inspect it at the head of the lakes. It may go to a small feed plant in eastern Canada and be resold in small quantities; but if any screenings are mixed with it there, it certainly would no longer bear the name of Number 1 feed oats or Number 1 feed barley. We cannot possibly ship such feed out from the head of the lakes, and if it is barley with an admixture of screenings in it, we cannot get a certificate for it.

Mr. CHARLTON: How much dockage is wasted in the terminal elevator?

Mr. WATT: Wasted?

Mr. CHARLTON: Yes, actually wasted and not put back into lower grades of grain as feed.

Mr. WATT: We do not do it at all. Dockage is not put back into grain that would grade under the inspection department's grading system. But you should bear in mind that some grades permit a certain amount of dockage which does not have to be removed at all. For instance, Number 2 feed barley can carry 3 per cent of large seeds, if I remember correctly.

The CHAIRMAN: I hate to interrupt, but frankly, I think we are getting back into the territory of the Board of Grain Commissioners. This has nothing to do with the U.G.G. We have several other witness here. May be we could say thank you to the present witness for the moment and reserve some of these questions for other witnesses, if that is agreeable.

Mr. CHARLTON: This is about the first question I have been able to ask, Mr. Chairman.

The CHAIRMAN: Oh, I am sorry. That is why I hesitated so much.

Mr. ARGUE: I would like to ask one or two questions as well.

The CHAIRMAN: I do not want to cut off Mr. Charlton.

Mr. CHARLTON: I asked a similar question of the Board of Grain Commissioners too. We realize that the grades are set and that as far as the west is concerned, there is a difference in the grades between the west and the east, and that their jurisdiction only extends as far as Fort William.

Mr. WATT: No, it extends on to whatever destination the grain goes.

Mr. CHARLTON: Yes, provided we buy a particular grade, I realize that; but the point is this: it was mentioned—I do not remember the page number now—that some wild oats were mixed with feed of a lower grade because that lower grade did not contain the number of wild oats it was entitled to contain.

Mr. WATT: That is possible.

Mr. CHARLTON: It was sold as feed grain and that is why I asked.

Mr. WATT: I do not regard wild oats as screenings; they are a grade name; "mixed feed oats" is the grade name for wild oats.

Mr. CHARLTON: Yes, and that is why I asked what actual waste there was in the dockage which you removed from the grain, the amount that is actually wasted and for which you did not get any renumeration.

Mr. WATT: We do not waste it.

Mr. CHARLTON: You sell everything?

Mr. WATT: Yes, oats and everything else. We sell some "refuse screenings," and all of that or practically all of that goes to the United States.

Mr. CHARLTON: Do the oats not go back into the screenings to be used as feed?

Mr. WATT: Certainly not. Oats are only part of the "refuse screenings"; that is the grade name.

Mr. CARDIFF: What are your lowest grades that would be sold for feed?

Mr. WATT: It is pretty hard to say. For instance, in barley it would be "3 feed barley", but you might get "3 feed barley rejected mixed with heated". Normally 3 feed barley would be the lowest of the feed barleys. Screenings are all under grade names, "1 feed screenings", "2 feed screenings", "mixed feed oats"; then, there is "refuse screenings". When they are shipped the refuse screenings practically all go to the United States; that might be 100,000 tons a year, giving a rough estimate. An odd car is shipped in Canada for feed, but the bulk goes to the United States. 1 and 2 feed screenings which are chiefly cracked wheat and buck wheat are mostly shipped to eastern Canada.

Mr. CARDIFF: If it were possible, or if it were a fact, that we in the east said we would not accept a lot of these screenings to be included in the grade 2 feed here would it not then be necessary for you to increase the price of your feed to compensate for the loss you would take?

Mr. WATT: No. You would have to buy a higher grade of barley.

Mr. CARDIFF: What I am trying to get at is that I do not think it is good business to send wild oats down here without being ground before they are sent to Ontario and if it were a case of eliminating those obnoxious weeds would you not have to charge more having lost the sale of them?

Mr. WATT: Are you referring to wild oats or large seeds?

Mr. CARDIFF: Wild oats.

Mr. WATT: If you buy 3 feed barley instead of 1 feed barley there is a difference of 20 per cent of wild oats and 5 per cent of wild oats. So, rather than take the wild oats with the 3 feed barley, the better thing would be to sell you 1 feed barley, because somebody else does want the 3 feed barley.

The CHAIRMAN: You only get what you pay for. Does that conclude the evidence?

I wish to thank Mr. Brownlee, Mr. Griffin and Mr. Watt for their kind cooperation and very generous attitude throughout the day.

I will call on Mr. Ben S. Plumer, President of the Alberta Wheat Pool. With him is Mr. G. C. Griffin, who is the Eastern Sales Manager.

Mr. Ben S. Plumer, President of the Alberta Wheat Pool, called:

The CHAIRMAN: Before I call on Mr. Plumer we will decide on our next meeting. Is it the wish of the committee that we sit tomorrow morning at 11 o'clock?

Agreed.

The WITNESS: Mr. Chairman, the Right Honourable Mr. Howe, and gentlemen of the committee. I must say before I start that I advised your chairman earlier on before the sitting started that I was not anxious to present a brief to this committee and I proposed to be here—or that we should be represented—to assist the committee. We wanted to be sure that the committee was given proper information that had to do especially with our own operations which is a farmer's—grain handling company in Alberta. We have had the experience of some 30 years standing, not quite so long as my friend Mr. Brownlee, but quite a bit of experience in handling grain.

There has been some comment by people who are I think perfectly well intentioned that we are a farmers commercial company, and therefore, have a distorted idea of what the farm people are thinking. That I do not accept because our customers are practically all members of our organization, the Alberta Wheat Pool. I do not think that we have 10 per cent outside business. We hold meetings—and I offer this to you gentlemen as a sort of a measure that you may use in deciding whether or not we are able to gauge farmers' opinion. We are organized in this matter: there are seven directors in our organization and the province is divided into 8 major districts. Then those 7 major districts are divided into 10 subdistricts. We have had in years gone by an election in each one of those 70 districts each year. Our delegation found that the men who had had a year or two experience in handling the affairs of the association at the time of our annual meeting were much more valuable, so they changed it and we now elect half of our delegates each year. These men come together in the fall, the fourth Tuesday in November, and they elect a chairman and three assistants and the directors sit over at the side. The directors furnish whatever information is called for. There are ten

delegates in each district apart from the director. As soon as a delegate is elected a director we immediately have a special election in that district to replace that director. So that there are ten delegates in each one of these major districts and these men review the operation of our organization for the past year and offer their opinion and discussion as to what should be the policy the following year; the general policy is outlined, and that policy is reviewed at the next annual meeting to see if we did with it as they had directed the year before.

So, I say to you gentlemen we have some reason to think that we have a fair idea of what a great many of our farmers are thinking. Now, I come to you following Mr. Brownlee who has made a very able presentation on a subject that has been a matter of a lot of discussion over a number of years. We had this document prepared and I am not going to spend too much time on it, but I just wish to indicate to you the attitudes of our organization with respect to different matters that are treated within this and our contact with the Board of Grain Commisisoners and the Canadian Wheat Board, and the Transport Controller, and I want to say to you that these we consider to be most valuable institutions in the thing with which we are most concerned. We must work continually with the Board of Grain Commissioners. Naturally we must work continually with the Canadian Wheat Board, and especially you will realize that during this period of congestion we have had to work very closely with our friend, Mr. Milner, in dealing with transportation matters, and I want to say to you that while we have our differences of opinion and our arguments, and we may have our little battles, we settle them in some manner so that the business of the organization can go on. I do not think that there is any special publicity given to it, because we work it out in some way or other and it has to be done. We are convinced that the first responsibility of the organization we are trying to carry on is the marketing of farmers' grain in western Canada and whatever machinery is required, as these three organizations are required to sell it and forward it in the amounts needed and get it out of the country and get the money for it and back into the hands of the farmer. That is our responsibility. So, as I make my comments, I would like you to keep in mind that we recognize the need for this. If I might add a word, too, as long as our minister is here, he has taken such an interest in this that I want to say to him too that we appreciate the assistance that has been given by his department. As I have told some of my other colleagues—and some of you will have heard me say this before—it may be that bouquets are not in order, but I offer this for your consideration, a comment made by my mother many years ago. She said on an occasion when some favourable comment was being made and someone said, "You will embarrass him". You know what is sometimes said when you do offer favourable comment. She said, "In my opinion a rose to the living is more than sumptuous wreaths to the dead". Now, any of you men who have held responsible public offices know that you get plenty of kicks from people who may think they are justified, or they may be doing it for other reasons, but your commendations are all too few. That is why I say, with regard to the people who are responsible for the operation of moving grain, selling it and getting it out of the country, that they deserve a great deal of commendation for the job that they have made of it. We appreciate it, our farmers appreciate it and, as has been said around this room a half dozen times, our farmers are in favour of the Canadian Wheat Board. I am speaking of Alberta people. Our farmers are in favour of the Board of Grain Commissioners and also of a transport controller, who can, as it were, co-ordinate the moving of the things that must be moved. So with that comment, Mr. Chairman, shall I go through this? I do not know whether I need to read every word of it, but there are some things to which I would like to draw your

attention. Some of these will be a word of emphasis on some of the comments made by Mr. Brownlee. We are both in the same business, moving grain. So there will be a similarity, you will notice, as we go along:

The board of directors of the Alberta Wheat Pool which is a co-operative association with a membership of some 50,000 farmers, appreciates the opportunity of appearing before the Committee of Agriculture and Colonization when the annual reports of the Canadian Wheat Board and the Board of Grain Commissioners are under review.

May I offer this word, by the way, that the Alberta Wheat Pool was anxious to be here at the time you men were considering these reports, because certainly if we grain growers, people interested in moving grain, are not interested in this operation, who in the world is? So, on behalf of our organization, we wanted to be here and show that we were interested in it and give you any assistance in your deliberations that we could. Hence you will have seen me sitting in various chairs in this room during the last two weeks. While it is quite a period of time, I do not think that the time was wasted. I think that it was necessary and desirable and natural to expect us to be here.

We have no particular comment to make on those reports other than to congratulate both boards on the outstanding services which they have contributed to the grain producers of western Canada, especially over the past few years when record crops have been produced.

There is one matter, however, in connection with elevator operation which has received considerable publicity over the past two years, during which certain misunderstandings have arisen over the question of grain elevator overages. Statements showing the overage and shortage positions of each elevator company have been tabled in the House of Commons. Reference to overages has been made to your committee and in the press and elsewhere, which in our opinion require some explanation.

The question of overages and shortages in gross weights of grain delivered to and shipped from country elevators has always been a matter of concern to producers as well as that of accurate grading and dockage assessment.

If I might digress for a second, I would say that our farm people many years ago were suspicious of what went on in a country or terminal elevator because they did not know, and the foundation of suspicion, in my opinion, is lack of knowledge and misunderstanding. Since the farmers have been in the business with these three big corporations which handle grain on their behalf, I think they are much more reconciled to the operation of moving grain than ever before because any questions they have which have to do with the boards of one of these organizations, are answered in reports such as this which we offer to our delegates. The information is contained in the reports of very responsible officers and they know what goes on. We have the representatives of the Board of Grain Commissioners, the Wheat Board—we have Mr. Milner, too—at our annual meetings, and I am happy to say that every once in a while the minister also attends to discuss the handling of grain so he has some idea what our farm people are thinking. We appreciate it because as you know we are a long way from Ottawa and since Ottawa is in the heart of the nation it is just a little too far removed for us to visit it every day. We have to depend on the men who are acquainted with our problem here and who are interested in the west to carry our representations to Ottawa and bring back the replies to us. We appreciate having the representatives of the government with us at the time we have our meetings out there and discuss our problems with us and answer our questions.

It is, and has been the policy of our association to insist upon elevator agents giving accurate weights, grades and dockage, to all our patrons. Results of our agents' operations vary from year to year according to size and quality of the crops as well as the weed content. Competition between elevators, from which the producer generally benefits—this was suggested to you by Mr. Brownlee and I think it is also our own experience, is an important factor in the final results. Each year at our annual meeting a statement of overages and shortages, as well as a statement of losses and gains in grading which must be considered together, is supplied in detail to our delegates.

I do not have the report on our terminal elevator at the coast but I may say we have a five million bushel plant out there which has been working steadily and I believe it is a fact—since last year when the strike was on. We had a 79-day strike out there which was very unfortunate but we have worked almost continuously since then and they put a lot of grain through that port, over a 100 million bushels last year, and it is going to be even more this year. Our plants do work continuously and it was not possible to make a weigh over at our plant to see whether we had an overage or a shortage. However, that will come out probably next year and then, you will realize, it will be a two-year operation instead of a one-year operation.

Mr. TUCKER: Have you a table there, Mr. Plumer, showing the handling of each of those grains?

The WITNESS: The amount of grain?

Mr. TUCKER: Yes.

The WITNESS: Mr. Griffin advises me it is in Exhibit 2 at the back of our submission. There is a sheet which shows a five-year period and our experience during that five-year period. I do not know whether you want to go into that now, Mr. Tucker?

Mr. TUCKER: I thought it might go on the record as part of your submission?

The CHAIRMAN: It is part of the brief and therefore it will go on the record. We will print the two exhibits along with the brief.
Carried.

The Witness:

They are fully conscious, therefore, that grain cannot be handled in bulk through country elevators and shipped to terminal elevators in the exact grade and quantity, as it is delivered by the producers, but our delegates have been satisfied that no undue profits have accrued to our association from either of these sources.

Shrinkage Allowances Authorized by Board of Grain Commisisoners by Regulation, Under Section 15(a), Canada Grain Act.

The Board of Grain Commissioners, under the provisions of the Canada Grain Act, are charged with the responsibility of maintaining fair practice in the physical handling of all grain grown in western Canada which enters commercial channels. As a result of their study and investigations, as well as those of various Royal Commissions, the Act was amended to give the board powers to fix a shrinkage allowance to cover invisible loss in handling and forwarding grain to terminal destinations as well as to protect the producer against undesirable weighing practices. In recent years, as the result of returns filed annually by all elevator companies, the board in their judgment have seen fit to make certain changes in the authorized shrinkage allowance. (See Exhibit 1). At the time these changes were made we expressed

our opinion to the board as to their possible effect. We would now like to record our opinions on this matter as contained in our submissions at their annual tariff hearings.

You will notice that the changes as set out in schedule 1 show on the first line the shrinkage allowance 1931-32, to 1947-48. Then at one of these meetings that Mr. Brownlee spoke about that we have with the Board of Grain Commissioners just before the start of the new season, there was a discussion as to whether or not there should be some change in the amount of shrinkage allowed.

In August, 1948, the Board of Grain Commissioners reduced the shrinkage on dry grain from $\frac{1}{2}$ of 1 per cent to $\frac{1}{4}$ of 1 per cent and on tough and damp grain from 1 per cent to $\frac{3}{4}$ of 1 per cent. Immediately this reduction in shrinkage was announced we wrote to the board protesting vigorously.

We were afraid that we could not stay within the mark if they cut it down.

Again in our submissions at the tariff hearing of the board held in July 1949, we stated that as a result of this reduced shrinkage allowance, preliminary weigh-overs of our elevators indicated that a large number of them were short in varying percentages and we asked for the restoration of the original shrinkage allowance on dry grain, but agreed to accept the reduction of the shrinkage rate from 1 per cent to $\frac{3}{4}$ of 1 per cent on tough and damp grain.

Now, if you look at the chart, you will see that in the figures for 1948-49 and 1949-50 the shrinkage rate on straight grades was cut down by $\frac{1}{4}$ of 1 per cent on wheat and various other grains, all except flax;

Our predictions in this respect were confirmed as our operations for 1948-49, when final figures were available, showed a total gross shortage in wheat, flax and rye, with very small gross overages in oats and barley. We had a similar experience operating under the reduced shrinkage allowance in 1949-50. (See Exhibit 2).

We had a similar experience in 1949-50. The shrinkage are set out; the amounts are in Exhibit Number 2. You will notice in 1949-50 we had a shortage in wheat and in flax and in rye;

Again in our submission to the board in July, 1950, we asked that shrinkage allowance of $\frac{1}{2}$ of 1 per cent on dry grain be restored. In August of that year the board did increase the shrinkage allowance for wheat from $\frac{1}{4}$ of 1 per cent to $\frac{3}{8}$ of 1 per cent, which rate has been in effect since that time. As a result of that increase in shrinkage, the Board of Grain Commissioners in their annual report for 1951 commented as follows: "Operating under this revised shrinkage tariff, the country elevators in 1950-51 showed a combined gross overage for all grains of 19,075,928 lbs., from total handlings of 32,746,612,426 lbs., or an average of .06 per cent in terms of handlings."

In our submission to the board at their tariff hearing in July 1952, we commented as follows: "We doubt if it would be possible for your board to make a closer approximation of the shrinkage required on dry grain to cover invisible loss in handling grain through country elevators, shipping and delivering it to terminal elevators."

I might say that I believe that that 6/100 of one per cent would amount to a couple of jam pins of wheat on a truck-load.

In view of our experience in handling a large volume of tough and damp grain in the previous two years, in the same submission we made the following suggestions: "In the absence of any accurate information on the shrinkage required in the handling of tough and damp grain as compared to dry grain, and as an experiment which might serve as a future guide to your board, we are prepared to have the shrinkage tariff on tough and damp grain fixed by your board for the coming

crop year at the same rate as is now in effect for the handling of straight grade grain." In August 1952, the board reduced the shrinkage allowance on tough and damp grain from $\frac{3}{4}$ of 1 per cent to $\frac{1}{2}$ of 1 per cent, which is the rate in effect at the present time.

For the past two crop seasons there has been a record movement of grain through Pacific coast ports as the result of cheaper shipping costs as compared to the Atlantic route and our increasing trade with the Orient. Practically all the milling grades of wheat which we handle through our elevators in Alberta are shipped to Vancouver. Low grade wheat and the biggest percentage of coarse grains are shipped to the lakehead terminals. We keep a record of our agents' shipping weights as compared to terminal unload weights and while we realize there is a greater degree of accuracy in weighing grain in full carload lots at a terminal elevator as against weighing grain into a car at a country that a loss in transit does occur in shipping grain in box cars to terminal destinations. Possibly due to the longer haul to the lakehead from elevator over a hopper scale, our figures very definitely confirm the fact Alberta, our experience with respect to shipments to Vancouver is much more favourable than on shipments to the lakehead. On total shipments of wheat this year, amounting to some 20 million bushels to Vancouver, we had a loss in transit of slightly less than $\frac{1}{4}$ of 1 per cent, whereas the shortage in our shipments of wheat to the lakehead averaged close to $\frac{1}{2}$ of 1 per cent. Losses in transit on coarse grains shipped to the lakehead averaged about $\frac{1}{2}$ of 1 per cent as between agents' shipping weights and gross terminal out-turn weights. An authorized shrinkage rate, therefore, of $\frac{3}{8}$ of 1 per cent on dry grain cannot, in our opinion be considered excessive and is a necessary protection to the elevator company and to the elevator agent who is responsible for delivering the same quantity of grain to terminal elevators that he receives delivery through the elevator which he is operating.

Handling of Grain Through Country Elevators

Under the provisions of the Canada Grain Act and the regulations of the board the producer is guaranteed the weight on his grain as he delivers it, whether he chooses to ship it for his own account or to sell it by the load. Through conditions which have prevailed as the result of large crops, limited elevator space and restricted quotas, most grain is sold at the country elevator at the time of delivery.

It is not really sold, but it is delivered to the board and the farmer takes the initial payment of course.

The elevator operator, therefore, assumes the risk not only of weight but of grading and assessing dockage correctly. Aside from the question of risk in grading, we would like to refer you to our experience for the past two years with respect to net and gross weights as recorded in the statement tabled in the House of Commons for the crop years 1951-52 and 1952-53. For the first of those years we showed a gross weight overage in wheat of .09 per cent in terms of handling and a net weight overage of .13 per cent. For the year 1952-53 we showed a gross wheat overage of .05 per cent with a net weight overage of .09 per cent. If those percentages are reduced to a single average truckload of wheat of approximately 200 bushels it would mean that the producer has been over-assessed six pounds gross and ten pounds net.

That very small over-assessment in shrinkage assured the producer of accurate weights and eliminated the temptation of elevator agents resorting to the old and very undesirable practice of taking the 'break of the beam' to protect themselves on weights.

I would like to interject. Any of these angles, overages and diversions, that were discussed here and all of the other angles, are in my opinion taken into consideration when we discuss the question of handling charges for the season with the Canadian Wheat Board and the Board of Grain Commissioners. They are all part of the picture they use in trying to assess the amount that should be levied by us on the grain we handle. It is not a question of setting a rate and we get so much money. It is all part of the picture. They take a look at our balance sheet and estimate how much shrinkage we got last year and how much handling charges, and then they set what may be charged by the companies for doing the service that we do.

The committee might be interested in knowing why the net overage in these two years was slightly in excess of the gross overage in percentages, as to whether these results suggest overdocking of farmers' grain; but we do not believe such to be the case. Assessment of dockage is a mechanical test which can be done reasonably accurately at the elevator by the agent if he is not under pressure from competition. That is the one Mr. Brownlee spoke of, and believe me we have it too.

Variations do occur, but we do not think it would be physically possible to show any closer results in net weights than the figures covering our operations would indicate.

Country grain elevators are an important part of our transportation system. In order to obtain the most economic use of their capacity, which is limited on the average to from 20 to 24 bins per elevator, grain of varying quality within the grade and containing different percentages of dockage is of necessity stored together. Dockages may vary on individual loads stored in the same bin from 1 per cent to 10 per cent or more, so that when grain is shipped and the dockage assessed by Government Inspectors on carload quantities as against individual truck-loads, it will represent a fair average of that particular bin, but might be fractionally more or less than the percentage of dockage taken by the agent.

Net overages or so-called gains in dockage occur in other ways. Under the statutory requirements of the different grades of grain, the tolerance of foreign material such as wild oats, seeds or other grains increases as the grade is lowered. This applies more particularly to oats and barley, but to a certain degree, in the very low grades of wheat, and also to wheat which contains cracked kernels. Net overages and shortages are a combination, therefore of shrinkage and dockage variations plus the grading factor and are the amounts adjusted annually with the Wheat Board as shown in their annual reports.

The CHAIRMAN: It is six o'clock. We will meet tomorrow morning at eleven o'clock in the same room.

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HOUSE OF COMMONS

Government
Publications

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

Respecting

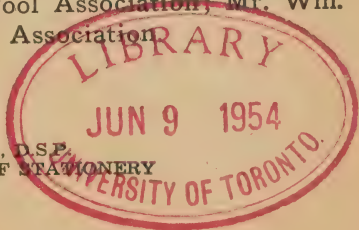
Report of The Board of Grain Commissioners for Canada
for the Year 1953

TUESDAY, MAY 18, 1954

WITNESSES:

Mr. Ben S. Plumer, President, Alberta Wheat Pool Association; Mr. J. H. Wesson, President, Saskatchewan Wheat Pool Association; Mr. Wm. J. Parker, President, Manitoba Wheat Pool Association.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.



STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.
and
Messrs.

Anderson,	Forgie,	Michaud,
Argue,	Fulton,	Montgomery,
Batten,	Gingras,	Murphy (<i>Westmorland</i>),
Blackmore,	Goode,	Perron,
Boucher (<i>Chateauguay-</i>	Gour (<i>Russell</i>),	Pommer,
<i>Huntingdon-</i>	Harkness,	Poulin,
<i>Laprairie</i>),	Harrison,	Purdy,
Bruneau,	Huffman,	Proudfoot,
Bryson,	Johnson (<i>Kindersley</i>),	Roberge,
Byrne,	Kickham,	Schneider,
Cardiff,	Kirk (<i>Antigonish-</i>	Stanton,
Castleden,	<i>Guysborough</i>),	Stick,
Charlton,	Lusby,	Studer,
Clark,	MacKenzie,	Tucker,
Decore,	MacLean,	Villeneuve,
Demers,	Mang,	Weselak,
Deslières,	Massé,	White (<i>Middlesex East</i>),
Diefenbaker,	Matheson,	White (<i>Waterloo South</i>),
Dinsdale,	McBain,	Wylie,
Fontaine,	McCubbin,	Yuill,
	McLeod,	Zaplitny—60.

(Quorum 20)

E. W. INNES,
Clerk of the Committee.

ERRATUM

Minutes of Proceedings No. 3, May 6, 1954

Page 125: Second last paragraph should read "Exhibits Nos. I to VII inclusive and the Auditor's Report were adopted."

MINUTES OF PROCEEDINGS

TUESDAY, MAY 18, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Blackmore, Boucher (*Chateauguay-Huntingdon-Laprairie*), Bryson, Bryne, Cardiff, Castleden, Charlton, Dinsdale, Gingras, Harkness, Harrison, Johnson (*Kindersley*), Jutras, Lusby, MacKenzie, Mang, Massé, McCubbin, McLeod, Pommer, Purdy, Stanton, Studer, Weselak, White (*Middlesex East*), and Yuill.

In attendance: The Rt. Hon. C. D. Howe, Minister of Trade and Commerce; *From The Alberta Wheat Pool Association:* Mr. Ben S. Plumer, President; Mr. G. C. Griffin, Eastern Sales Manager. *From the Saskatchewan Wheat Pool Association:* Mr. J. H. Wesson, President; Mr. D. R. Lamont, General Manager. *From the Manitoba Wheat Pool Association:* Mr. Wm. J. Parker, President. *From The Board of Grain Commissioners for Canada:* Mr. R. W. Milner, Commissioner and Transport Controller; Mr. J. Rayner, Director of Administration; and Mr. K. Hlynka, Secretary.

Mr. Plumer completed the presentation of the Alberta Wheat Pool brief, was questioned thereon and retired.

Mr. Wesson began the presentation of a statement on behalf of the Saskatchewan Wheat Pool Association.

At 1.00 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m. this day.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Argue, Batten, Blackmore, Bryson, Byrne, Cardiff, Castleden, Charlton, Decore, Dinsdale, Gingras, Harkness, Harrison, Johnson (*Kindersley*), Jutras, MacLean, Mang, Massé, McCubbin, McLeod, Pommer, Purdy, Schneider, Studer, Tucker, Weselak, White (*Middlesex East*), Yuill and Zaplitny.

In attendance: Same as at the morning sitting.

Mr. Wesson concluded presentation of his statement on behalf of the Saskatchewan Wheat Pool.

The Witness tabled a statement showing the record of grading losses and gains of The Saskatchewan Pool for the years 1925-53 inclusive.

The witness was thanked and retired.

Mr. Wm. J. Parker, on behalf of the Manitoba Wheat Pool, made a statement and was questioned thereon.

At 6.00 o'clock p.m. the Committee adjourned until 3.30 o'clock p.m., Wednesday, May 19.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

MAY 18, 1954.
11.00 A.M.

The CHAIRMAN: We will now proceed with the evidence from the Alberta Wheat Pool, presented by Mr. Plumer. We were on page 6, "Country Elevator Weigh-overs".

Before we begin, will we meet this afternoon at 3.30?

Agreed.

I am sorry that there are no more copies of the brief available at the moment. Maybe two members could double up on the same brief. Mr. Plumer.

Mr. Ben S. Plumer, President of the Alberta Wheat Pool, recalled:

The WITNESS: Mr. Chairman and gentlemen, in dealing with the position of the country elevator as affected by our congested condition, we will say this:

The general practice of elevator companies is to have an annual weigh-up of the stocks of grain in each elevator. Due to very heavy stocks being carried in country elevators in recent years that has not always been possible. In the annual report of the Board of Grain Commissioners for 1951 it was stated that out of a total of 5,067 elevators there were 2,030 reporting neither shortages nor overages, presumably as no weigh-ups had been possible.

I can understand why that is not possible, because I have visited some of these country points and the pit was full. The last load had not been elevated because there was no place to put it, and in an effort to accommodate the last load the agent had taken the load and left it in the pit, so that you get some idea, as was suggested here yesterday, of the anxiety of the country elevator operators to take care of the people who would like to dispose of wheat and deliver all that they could under their quota.

Their report for 1952 stated that there were 3,016 elevators not completely weighed-over. In the 1953 annual report it was stated that there were 3,024 elevators not weighed. In these same years it was not possible for us to weigh-over a number of our elevators. Weigh-ups that have been completed might, therefore, represent the handling of one or more years.

Country elevator weigh-overs are made by travelling superintendents. The grain is weighed over a hopper scale which contains about 100 bushels. The larger the stocks at the time the weigh-up is made the less likely it is that the inventory would be completely accurate. Unless an elevator were entirely shipped out and the grain delivered to terminal elevators and subject to Government grades and weights, it would be impossible to know definitely the exact outcome of the operations of that elevator.

Not only in the weighing operation at the time of weigh-overs are there liable to be inaccuracies, but grades and dockages are placed on the stocks weighed over generally in the opinion of the travelling superintendent making the cut-off. Considerable differences, therefore may occur when the grain is finally shipped forward and graded and the dockage assessed by Government inspectors.

Before the beginning of each crop year, a handling agreement is negotiated between the elevator companies and the Canadian Wheat Board and the rates

agreed upon are considered to be the minimum rates at which elevator companies can operate. As far as our association is concerned we do not rely on the value of net overages as part of our earnings. At the same time we do not think we should be put in the position of having to assume losses from shortages. If elevator companies were to be deprived of the right to offset net overages against net shortages, and without due consideration being given to their financial loss or gain in grades, or were there to be any suggestion of confiscation of country elevator overages, operators would be almost sure to demand a wider buying margin in their agreement with the Wheat Board to compensate them for the additional risk they would be assuming in both weights and grades. As stated above, it is a physical impossibility to completely empty and have accurate final returns for every country elevator in western Canada. We believe that the Canada Grain Act, competently administered as it is, by the Board of Grain Commissioners provides ample protection for the producer in assuring him of accuracy in weights, grades and dockages, to conform as closely as possible to government standards.

EXHIBIT I

BOARD OF GRAIN COMMISSIONERS

ALLOWANCES FOR INVISIBLE LOSS AND SHRINKAGE

Percentage Basis

Years	Straight Grade				Tough			Damp		
	Wheat Corn	Oats Barley Sunflower Seed	Rye	Flax	Wheat Corn Oats Barley Sunflower Seed	Rye	Flax	Wheat Corn Oats Barley Sunflower Seed	Rye	Flax
1931-32 — 1947-48.....	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$	1	1	1	1	1	1
1948-49 — 1949-50.....	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1	$\frac{3}{4}$	$\frac{3}{4}$	2	1	1	2
1950-51 — 1951-52.....	$\frac{3}{8}$	$\frac{1}{4}$	$\frac{1}{2}$	$1\frac{1}{2}$	$\frac{3}{4}$	1	2	1	$1\frac{1}{2}$	2
1952-53.....	$\frac{3}{8}$	$\frac{1}{4}$	$\frac{1}{2}$	$1\frac{1}{2}$	$\frac{1}{2}$	1	2	$\frac{1}{2}$	$1\frac{1}{2}$	2
1953-54.....	$\frac{3}{8}$	$\frac{1}{4}$	$\frac{1}{2}$	$1\frac{1}{2}$	$\frac{1}{2}$	1	2	$\frac{1}{2}$	$1\frac{1}{2}$	2

EXHIBIT II

ALBERTA WHEAT POOL

GROSS RECEIPTS AT COUNTRY ELEVATORS

For five year period 1948-49 to 1952-53 inclusive

—	Wheat	Oats	Barley	Flax	Rye	Total in Pounds
1948-49.....	35,426,148	8,092,534	7,759,211	1,184,919	2,767,228	2,994,477,396
49-50.....	38,625,197	6,364,424	5,006,082	92,937	1,253,848	2,849,614,132
50-51.....	37,109,400	6,819,432	7,429,476	114,867	750,314	2,863,489,672
51-52.....	47,756,595	12,990,702	16,280,729	375,830	1,479,110	4,192,431,200
52-53.....	47,868,949	11,908,311	19,918,367	778,584	1,619,130	4,367,373,114
	206,786,289	46,175,403	56,393,865	2,547,137	7,869,630	17,267,385,514

GROSS OVERAGES
(Shortages in Brackets)

AT COUNTRY ELEVATORS

For five year period 1948-49 to 1952-53 inclusive

1948-49.....	(12,653)	11,559	5,263	(7,768)	(8,737)	(1,037,830)
49-50.....	(14,732)	30	5,106	(4,984)	(17,109)	(1,875,020)
50-51.....	21,644	4,083	4,139	59	(3,295)	1,454,918
51-52.....	64,948	10,553	7,603	(1,394)	(3,874)	4,325,618
52-53.....	30,022	12,554	(6,537)	(5,888)	(2,906)	1,421,916
Overages.....	89,229	38,779	15,574	(19,975)	(35,921)	4,289,602
Percentage of Gross Receipts.....	·043	·084	·028	(·784)	(·456)	·025

Now, Mr. Chairman, may I supplement that by saying this, as Mr. Brownlee did yesterday. It had been suggested that we might make a comment with regard to our ideas as to allocations of car supply. I want to say this. This is the position of our organization. We are asking that the available car supply be allocated to the country elevators at the point on a basis to be arrived at through a picture which would be taken of the result at the single point in years when there was no congestion or very little. We want it based on the proposition that as a farmer drives along a line of elevators at a point he can stop at any one he likes. That is free choice. We want that used if it is at all possible to do it in arriving at the allocation of cars; we are prepared to take our chances, gentlemen, on any allocation based on that premise.

Mr. CASTLEDEN: Hear, hear!

The WITNESS: I do not know that there is anything further I can offer at the moment, unless there are any questions.

By Mr. Argue:

Q. What would you say to the suggestion that you should take into account a further number of years, the last three years, for example, because of certain changes in storage space by certain elevator companies. You have heard it stated that we have built more elevators and we have a greater capacity.—A. I would say, Mr. Chairman, that the authority who was responsible for working out this suggested allocation would have had enough experience to know what would be a fair thing to do in the cases where more storage or a new elevator had been provided or one bought, and we are prepared to carry on under the basis that will be agreed upon.

Q. In other words, you are saying, Mr. Plumer, that you would like the base period to be a number of years in which there was no congestion but that, if there are some other factors like increased storage space for certain companies at certain points, you would be quite pleased if a certain amount of consideration were given to those additional factors, while at the same time preserving the general base period as the main factor?—A. I think that is only fair.

By Mr. Harrison:

Q. I wonder if Mr. Plumer could give us anything in the way of a concrete example of how this system of his could be implemented?—A. Well, there has been a comment made with regard to it that it is unworkable. Now, I cannot concede that for a minute, for this reason, that in my view this can be worked out fully and with complete fairness between different companies, even though the Wheat Board orders forward grain of different qualities in different amounts from different points at different times, because it is all based on the

basic proposition that each one has a share in a certain proportion that is indicated by the record of deliveries to elevators in years when we had a free choice of delivery at an elevator. The Wheat Board can order five cars of No. 5 or 6 wheat out of an elevator where we are a competitor, and we get none of it perhaps, but that five cars is charged to that individual elevator, and if they take two cars out of another and we still do not get another car we know that at some time these cars will be averaged up through the year as soon as possible. While the same cars will not be allocated in the same number at each point each week, over a period whatever shipments may be required for the Wheat Board's needs will be made, and in the general picture all the shortages will be caught up so that each one will get their share throughout the season. I think it is very plain and very fair, and we are satisfied to operate on that basis.

Q. Have you bought or built any extra elevators in order to obtain a larger share of cars at any points?—A. Yes, we have built. There has been a question raised as to whether under the present system we should not build elevators rather than build storages, as long as it is "one elevator, one car". We do not think that is the simplest way to do it. I want to say this in addition, that we have a condition in the last few years, a very extraordinary condition.

By Mr. Blackmore:

Q. Before Mr. Plumer goes on, would he mind telling us the simplest way of doing it. Is that what he had in mind in his explanation a few minutes ago?—A. Division of cars on the basis I suggest. I want to follow this gentleman's question.

Q. Have you had several years' experience on the basis on which you make your statement? Have you found the cars have been averaged out in past years so that each competitor was fairly treated?—A. That was used only for a short period in 1943, I think, on a basis other than "one elevator, one car".

Q. You have every reason for having complete confidence in those who would be in charge?—A. We have every confidence, yes. There will be details to work out but, as I said, I think that the people in charge of this can work out those details so that there will be no serious injustice done to anyone.

Mr. BLACKMORE: Thank you.

The WITNESS: May I carry on with your comment a little further? We have had demand for more space at a great many points, as I think every elevator company has, to relieve the congestion for our people, so that we can only take in fact another 40,000 or 60,000 bushels in the new space that was built, and then it is stopped again. But if we have some relief by way of box cars to ship, we believe we will be able to get our wheat into the elevator we wish—in my case it is the Alberta Wheat Pool's elevator—in a larger quantity than under the present system. I wanted to say in addition that the big trucks that have been so evident and have filled us up so fully in the last few years, in my experience, have been due to the fact that there have been big crops in the dry belt which had not usually produced regularly the crops we have had in the last few years. I question very much whether it is wise to build a large amount of storage in those sections that are not regular producers. I question whether the producers themselves ordinarily would support the idea if they have to pay the cost of operating those plants, which they do in the final analysis. No one else can pay it for them. To give you an illustration of what I have in mind, I will say this. Some years ago we bought, I believe, 10 elevators for \$3,000 apiece in the dry belt in Alberta, and they were not needed to handle the grain at those points. That was the reason we bought them at the price we did and at the time we did, because at the time the crop was not in sight. I know that in at least one of these elevators we tried to sell it to the farmers in that district to tear down and use on their farms. We offered it to

them for \$2,000, and they would not take it and tear it down. That is one of the reasons why I say that I do not think it is wise as a general proposition to expect to build space to take care of the crops such as we have had in the last three years. I do not think that an elevator company can do it and live, in the final analysis. We have found that our yearly expense of operation has just about doubled in the last six or seven years. Now we are going to have light crops. In my own experience in the province of Alberta, we have more light crops than we have heavy crops, and we are not expecting to build a plant that will handle these heavy crops as fast as they can be grown and harvested and delivered by farmers with the combine system. In the years of heavy crops, it is not economical and I do not think it is possible and I do not think that our farm people would expect us to do it. We are giving most attention to the districts where the crops are fairly regular. We are doing all that we can to get accommodation for the shippers in the dry belt through the use of box cars, that is one reason why we are putting forward this proposition, and we would like to have the farmers taken care of at their shipping in the dry belt, but certainly not by the building of large amounts of permanent storage that someone has to carry in the years when the crop is not there to carry it. So we are asking that consideration be given to this other suggested plan of allocating the box cars at the station.

Mr. HARRISON: If you attained this goal of cycling these cars as you wish, would not that have the effect of more or less freezing country capacity at its present point?

The WITNESS: To a slight extent, perhaps, but not entirely by any manner of means.

By Mr. Castleden:

Q. What has been your experience with regard to deliveries over, say, the free delivery years, say 1947 to 1949, and then from 1950 to 1953? Have you got a percentage of the crops?—A. The percentage of the crop that we handled, of the total marketed or the figure at the pool elevator points where we are represented? Which do you want, or do you want both?

Q. The pool points.—A. The pool points starting from 1945, is that far enough back?

Q. Yes, plenty.—A. 37.9, 37, 37.8, 38.6, 40.6, 51, 40.7, and that was 1950-51. 1951-52, 38.7; last year, 36.9.

Mr. BLACKMORE: To get this completely straight, these are the percentages of the total which the pool elevators handled?

The WITNESS: That is right.

The CHAIRMAN: Total of what?

The WITNESS: Total of deliveries at the point where we have a pool elevator and where there are other elevators.

Mr. BRYSON: You have mentioned that you had increased your storage capacity somewhat last year. Do you not feel that there is some justification for you in the fact that, I believe, your contract quotas, your membership, had increased by over 3,500 last year? It would seem to me that that is a much sounder basis for increasing storage capacity, based on the fact that a tremendous amount of grain was moved and there was an opportunity—

The WITNESS: We have had a fairly regular building program, sir, and we have built storage for about a million bushels a year for the last 15 years. Since 1939 we have doubled our storage capacity, and it is about on the basis of a million bushels a year. We went from 17 million to 34 million bushels total capacity.

By Mr. Castleden:

Q. Your 1953 annual report states that there were interprovincial pool meetings in which you took part with the other pool organizations. Of the meetings in 1953, it says:

A committee was selected "to negotiate with the Board of Grain Commissioners for regulations . . . which shall allow producers to deliver grain to the elevator of their choice"—and, thus, restore to the western producer a fundamental right for which he had won recognition through years of struggle; and of which he has been robbed in the unprecedented handling, transport and marketing problems of recent years.

Has that committee had any report to make as to the success of its negotiations?—A. That committee has had various meetings looking to the adoption of a type of car distribution which would give the farmer a chance to deliver to the elevator of his choice.

Q. Supposing the farmer did deliver to your elevators, could you have handled more than the percentages which you gave us?—A. We could.

Q. Would you?—A. Yes. That is my own opinion.

By Mr. Studer:

Q. It would appear to me that if this rigid car allotment situation became effective, that would entirely eliminate competition, seeing that it would be the result of previous competition. After each elevator was allotted the cars according to the previous records, where would your competition come in in the future? That would make competition static right then and there, as to what previously had happened, and from that day there would be no competition, because it would have been based on the result of former competition; is that right?—A. Not entirely.

Q. Where would it come in if it were allotted to cars that you had previously earned through that form of competition? How could competition result after it became static for a stipulated number of cars according to what had happened previously? You would not get any more and you would not get any less; you would obtain what you had earned through that previous competition?—A. Under the system of allocation you would be offered cars. That does not mean that you have to take them. If you had nothing to ship, you would not take them. Whoever was getting a larger amount of the grain would use the cars.

Q. But you are going to designate the number of cars to be allocated to each elevator according to what your previous record had been in regard to your previous deliveries?—A. I repeat that each elevator would be offered a share of cars to which they would be entitled under the plan which was arranged.

Q. If you had a low delivery point delivering to Alberta pool elevators and your car position became static according to the previous record, that individual elevator man would have no chance of increasing his percentage?—A. Percentage of grain or cars?

Q. Percentage of grain taken in, because he would have only the cars allowed according to his previous percentage.—A. Well, in the first place, sir, every farmer is looking for the best grade he can get; you have immediate competition as far as grading of the grain is concerned. And the company, which the farmer thinks is giving the best grade, is bound to have some advantage in the amount of grain that it takes in.

Q. Yes; but it is going to be allotted on his previous percentage; if you had a certain percentage at a point over the past years—be they four or five or whatever you stipulate—you are going to have cars allotted according to that past percentage; otherwise, how can it be fair or what is the object of it,

if that will not be the situation?—A. Let me comment by way of illustration. Take a point where there are 3 elevators and we have 1 of them. We are low on what we call that market while the other 2 elevators each get more grain than we do.

On the basis of the figures of 1900, whatever the period is used, for making the allocation, if we have been in the majority during that period, and later on, due to the competitive conditions some other competitor gets more grain than we do and needs to ship while we do not because we are not getting the grain, the cars will automatically go to our opposition. We will not get them even though we have been offered them. Again, it is not a question of past allocation, whether you have to take the cars, because if you have nothing to ship, then you do not need the cars.

By Mr. Harkness:

Q. That does not apply during a period of congestion such as you have at the present time?—A. No.

Q. It would only apply during a period of congestion that your car cycle would be effected?—A. Yes; and it would have most effect during a congestion; but at other times there are a great many places where there are heavy shipments each year, and our experience has been that the most popular buyer or company on the market is the one that gets the most cars and is filled up the quickest.

There have been plenty of points plugged in years gone by, in the different companies houses, ours included. What we are asking is that the allocation of the cars be made on a basis of what apparently is the preference of the farmers as between the different houses.

By Mr. Studer:

Q. Would you agree with the contention made the other day that a rigid car allotment would discourage the building of additional elevator space?—

A. I think it would perhaps have a tendency to cut down the building somewhat because now, as far as we are concerned, if we want to get more cars, we have to build another elevator because it is one elevator, one car.

Q. Under rigid car allotment, would that not mean that you would be only maintaining your percentage? That goes back to the point which I endeavoured to make, that it would eliminate competition. The reason a number of those companies built additional storage space was that they might have more percentage. That was their object for doing it. Otherwise there would be no motive or object in doing it because you would be setting it under that percentage or approximately so; but I would not like to labour the point. Now, how much grain do you think one elevator could handle in a year, if it had an entire year in which to operate? If an elevator could operate the year around, approximately, what would be the handling of that elevator?—

A. Approximately or ultimately?

Q. I would not even hazard a guess because we have had them take in 10,000 bu. in a day and ship out 10,000 bu. in a day, but that is not very usual.

Q. The point I am after is the "overbuilding" to which you made reference, in drought areas, in the areas of non-production. Most of us will remember that there were years when it was not a question of an elevator or a car, or anything else, but one of keeping the number of elevators that were already there open. I remember when it was discussed in our pool committee, how to make it possible to convince our organization to pay enough wages for an elevator man to live on in order to keep the elevator open. I remember, the approximate amount was 65,000 bushels, of handlings, on which it could be based to make it possible to pay the elevator man to keep the elevator open.

I think also that the whole grain handling facilities are overbuilt; that is, the farmers are going to have to pay for them and they are paying for them. If one elevator can handle more wheat over the whole year, I wonder why we should have several of them duplicating that operation, for which we are all paying; and I wonder if we could not devise a system whereby the grain could be got out during a time of congestion and delivered over the year. I wonder if grain storage payments would have some effect in that regard, or would eliminate that congestion and make it possible for one elevator to handle more throughout the whole year and eliminate duplication of elevators in the country. That duplication is just as costly as any other duplication.—A. I would like to go along with you on the question of building, but in my opinion—I shall not say in western Canada because I do not know your province as well as my own; you are from Saskatchewan; but in my opinion we have enough elevators to handle all the grain we can possibly sell to people who will need it and if we have the box cars enough to move it.

I want to go further and say that we have no idea that we will be able to build enough storage to satisfy the farmers that we have enough, so that they will be able to deliver in the years of excessively big crops or in a succession of years of big crops as fast as they want to deliver.

We would not attempt to do that. We cannot afford to do it. Our farmers are carrying the responsibility for operating these 490 elevators that we do operate and they cannot afford to build storage enough to handle the delivery of big crops or a succession of big crops as fast as they could be offered to us.

My opinion is that we have to expect that farm people are going to regulate or largely regulate the amount of grain grown and delivered. I put them both together and there is no point in trying to provide or in the government trying to provide space to take care of these big crops as fast as they can be delivered.

You know, it was an entirely different thing in the years when they used to cut it and bind it and stook it and thrash it later and haul it with a horse and wagon.

MR. ARGUE: The suggestion has been made that the establishment of a base period or a base formula would eliminate competition in the handling of grain. Is it not a fact that the present allocation of box cars is a pretty rigid thing and that your percentage has been going down, and that the allocation itself is based—whether it is one car per elevator, or based on the amount of available grain or whatever it is—that it is a pretty rigid thing as you have found it?

MR. STUDER: You are just substituting for “rigid” it seems to me.

By Mr. Argue:

Q. That is right, but on a fairer basis. A. No, I would not agree with you, Mr. Studer, that it is substituting a similar rigidity because on the basis that we are now, with one elevator to one car, we have found that our farm organizations at meetings—I have the results from my own only the past fall—they instructed the board to work for a system of car distribution that will give a chance to the farmer to deliver to the elevator of his choice. We have had a number of meetings when we have had instructions and we are following up those instructions in asking that a different system be evolved of car distribution rather than to have one elevator, one car. We are asking that it be on the basis as suggested, that is, on the use of the elevator during a free delivery period.

MR. STUDER: I do not wish to suggest that I am not in agreement with a car allotment policy that will be fair. I am only trying to find a policy which will not get us into more difficulty or leave us in the same difficulty we are

now in. I am trying to find, along with everybody else, some method which will work out in the country and give satisfaction. I am just as interested as any man here to obtain that, and so are my people. But we are still searching for that method.

By Mr. Argue:

Q. Would you not have more competition, in your opinion, in the handling of grain if a formula were devised as you suggest, based on the experience of deliveries, or experience at an elevator point, when there was not congestion? Is there not likely to be more competition at a given point if cars are allocated on the basis of what the farmers did a few years ago when there was competition than if there is some other formula devised now, which would have no bearing on a period of competition. A. Well, I would say this, Mr. Argue, that in my opinion there was more competition in the buying of grain and in the grading of grain at a time when there was space in the pool elevators, and that is the thing I am thinking of; than there would be when the pool elevators were filled.

Q. You can say that again. A. And my feeling is—although I may be wrong and there may be other people who would not agree with me—but my feeling is and my observation has been that on a great many occasions the elevators belonging to our farmers organizations are the first to fill up, and from then on you take the grain where you can. I do not say that the other companies have not given good service. They have because we would not have marketted the amount of grain that we have, otherwise. But my primary responsibility is to my own organization and I am carrying out my instructions as best I can.

Q. Would it be a fair statement to make that in general, farmer owned elevator systems fill up first in a period of congestion?—A. Even if I had not had the intimate experience which I have had with them, I would think that would be true, in the very nature of things.

Q. And that follows my own experience, which is very limited.

Right Hon. Mr. HOWE: Might I ask a question, Mr. Chairman.

The CHAIRMAN: Certainly.

Right Hon. Mr. HOWE: Going back to Mr. Brownlee's evidence, that he likes the present plan whereby the Wheat Board orders forward a certain amount of grain and in a certain proportion from each company, could you not get at the same result just as easily if the allotments were based on the handlings over a period, rather than on the stocks in store of the particular grade which I believe is the present basis. Would that not work just as well?

The WITNESS: On the handling?

Right Hon. Mr. HOWE: In other words, suppose the Wheat Board wanted to order the forwarding of 3 million bushels of No. 3 wheat. As I understand it, they place their orders today based on the stocks in the various elevators. But suppose they placed those orders based on the handling over the specified period. Would it not mean the same thing with a much easier method of administration?

The WITNESS: Well, the Wheat Board's shipments as you know, are based on their needs and supply and I cannot see how they could order grain shipped in an amount which would give an indication of the farmers wishes as to the point of delivery, or as to the elevator delivery. There is no suggestion in our proposal that would interfere in the slightest with the Wheat Board's needs or shipments or directions.

Right Hon. Mr. HOWE: That was not the suggestion. I am only exploring. I was asking the question just for information because I do not know the answer. You remember that Mr. Brownlee said that he thought the present method of

the board's ordering grain in a proportion from each company is the best method. Would you be prepared to say that your objective could not be achieved by a little different division between the companies of the wheat ordered forward by the Wheat Board.

The WITNESS: No Sir, I do not think that would accomplish it. And for this reason: that the basic plan under which cars are allocated for the year is on the basis of one elevator one car, regardless of the size of the elevator or the amount of storage or anything else it is one elevator one car.

Mr. BLACKMORE: One elevator one car; is that per year or per month or what?

The WITNESS: In whatever volume the cars come in; if it is on the basis of elevators, then each one gets a car.

By Mr. Weselak:

Q. In the matter of the shipments today, do they not observe the fact that the grain has to be moved in accordance with marketing requirements?—A. Absolutely. We will go 100 per cent with you and we would not have the slightest objection in any degree whatsoever. The Wheat Board can order more shipments from any point and in any volume and at any time, and we would not object. But we want the handling arranged so that during the year the cars shall be averaged up, on the basis we ask.

Q. It is based on the percentage of handling which each company has had in your province or area, and it is also based on the requirements of the Canadian Wheat Board in moving the grain. Yet it would take care of the complaint you have that the Saskatchewan Pool is not getting its fair share of cars. It would get its fair share in reference to its record.—A. In reply to the Right Hon. Mr. Howe I would say that we would be prepared to go along with the suggestion that the Wheat Board order the shipments forward, and I think you would include with that, in whatever manner seems to be necessary to take care of their selling, as long as our basic allocation was known to be in effect for the year, whether it took weeks, or months, to work it out. We are not concerned.

Mr. ARGUE: I would like to ask the Right Hon. Mr. Howe if his suggestion is: that if you find in an elevator system based on your base period, that it was getting 5 per cent too few cars, would the Wheat Board increase the percentage of cars given to that elevator system?

Right Hon. Mr. HOWE: That was my thought. The Wheat Board does not allocate the cars. They simply call the wheat; but they could call more wheat from one company based on the shipments of that company in earlier years. Overall car distribution could be made effective in that way.

Mr. ARGUE: It would be fair to the system but not to the individual, would it not?

Right Hon. Mr. HOWE: I am trying to save Roy Milner from the very difficult job of working out a car cycle.

Mr. ARGUE: Suppose there was a decision on a base period, and you agreed with it; your elevator system would get a certain percentage of cars; but Mr. Milner and the government officials said that they did not want to have anything to do with the subject. Would you be prepared to put a representative in their office or some other office to allocate their percentage of cars?

Right Hon. Mr. HOWE: We insist upon running our own office. But if the the companies could agree on the proportion of the grain that each can handle, I think it could be worked out by the Wheat Board and the Board of Grain Commissioners by calling grain based on that division of deliveries.

Mr. ARGUE: Yes, but is there not some other way?

Right Hon. Mr. HOWE: I do not know whether my way is any good or not. I was just asking for information.

Mr. ARGUE: Could it not be taken one step further: if the Alberta Wheat Pool was to get 40 per cent of the box cars allocated to their system, and could the Alberta Wheat Pool itself not allocate box cars among its own elevators? Could not a committee work out some equity between the areas in the way of allocation of cars, if it were necessary? I do not know the answer.

Right Hon. Mr. HOWE: If the competition is such that the Alberta Wheat Pool shipped 40 per cent of the grain, I do not see why the Wheat Board, if that is agreed upon, could not call 40 per cent of the grain from the Alberta Wheat Pool, and then everything else would fall into line automatically.

Mr. ARGUE: I am not too sure about everything else falling into line automatically.

Mr. STUDER: I think it is a good suggestion to follow, irrespective. The Wheat Board would know that a certain grade of grain was wanted and could fill that order with cars to the amount of the demand for that grain on the basis of the plan suggested by the minister, of the allotment being tied to the amount of grain required. One would go along with the other. The cars would have to be provided for the allotment of their grain. Who knows better where that grain is than the elevator company; and the elevator company, knowing where the grain is, would have the cars placed where they could use them. I think that this plan should be pursued to determine just how good it is in that respect. I would like to have more information.

Right Hon. Mr. HOWE: Perhaps I had better have kept my thoughts to myself.

The WITNESS: With respect to the figures I mentioned to you, you will find that we were very far down in our percentage of grain deliveries to pool points. I want to suggest to you the picture of our storage, let us say, for a period starting back in 1945 when we had carried 10 million bushels over the end of the crop year in storage. The next year we had 1 million; the next year we had 2 million; the next year we had 2 million; the next year we had 2 million; the next year we had 5 million; the next year we had 9 million; and last year we had 21 million.

Now, there is a period when you could say there was free delivery but certainly not back in 1943 when we had a maximum storage capacity of 25 million and we had 24 million in storage. You would not call that a period of free delivery, would you, because the elevators were 24/25 filled, but we asked for a period to be selected in which there was free delivery on which to base a car allotment plan.

Mr. STUDER: I have a question on a change of subject at some time or other, Mr. Chairman.

By Mr. Argue:

Q. On the question of building for storage, the Wheat Board told us—I think it was the Wheat Board—that with an average return of 1/35 of a cent per bushel, based on your capacity and experience, it would work out to around 10 cents per bushel per year by way of return for storage; because given the capacity,—and if the crop were wheat with a reasonable value for wheat, based I take it on its initial price—the income you would get from additional storage would be somewhere in the neighbourhood of 8 per cent of the value of the wheat involved.—A. The value of the wheat.

Q. If a bushel of wheat is worth \$1.20, then 8 per cent of that is 9.6, and you get 10 cents a year for carrying that bushel of wheat.—A. I do not know what you have in mind with your suggestion, Mr. Argue.

Q. It would seem to me that the return you get from your storage facilities is a moderate one and the question arises in my mind as to how much real profit there is for an elevator company building storage, at a cost of $\frac{1}{35}$ of a cent per day. Mr. Brownlee said yesterday that an elevator company, in order to make money, had to have, in addition to storage charges, the right to handling charges; and that it took the two of them together. I am wondering to what extent the building of additional storage space at $\frac{1}{35}$ of a cent per bushel per day is profitable to the elevator company?—A. I think that my comment might be that: taking your own suggestion, that there is that possible earning.

Q. Very well.—A. And that I would suggest to you whereby we had in 1946 1,700,000 bushels in storage with a total storage capacity of 25 million bushels or more, we were not earning much storage. Those facilities remained empty month after month, the big majority of them. They were not earning much, but the cost was going on just as much.

Q. Even assuming the very best, as far as a season is concerned, just what is the profit picture? We were told—I think by Mr. Brownlee—that in building these annexes, it cost about \$1 per bushel.—A. For an elevator.

Q. I am sorry; 38 cents per bushel; will, if you build an annex, what would you consider the life of it to be? What would be the life of this 38 per cent annex in the way of a normal life and what is your depreciation life for it?—A. There is no definite life for it. When we started operations we purchased 122 elevators that were already constructed. Our company felt that there were enough elevators to pretty well take care of the crop at that time but that was 30 years ago, and that plant should not be duplicated, at a point where we could buy an elevator to handle the pool members grain. But we bought those 122 houses and that was from 1925 to 1929. And some of those houses had been built in 1913, 1914, 1915 and 1916. I think we still have some of those annexes which were built in 1915 which are carrying grain right now. So it depends somewhat on the location and the quality of the annexes. Some of those were in balloons and they were not expensive to build, but they have held grain over the years, some of them, and they were built at a cost which was very much less than it would be now. And as to this suggestion that it cost \$1 per bushel to build an elevator, I think it is about right. Our 60,000 bushel elevators cost us from \$53,000 to \$57,000 to build depending on the location and so on; but there is no way to determine in our experience what the life of the building is.

By Mr. Blackmore:

Q. I wonder if I might ask Mr. Plumer if he means "annex" every time he uses the word "annex". Back in 1910 or 1911 were not some of those houses elevators?—A. No. We have some annexes on the Goose Lake line, which is a little east of Drumheller. We bought several elevators from the United Grain Growers on that line which were built to take care of the 1915 crop, and some of them still have wheat in them.

Q. But that is not the answer to the question. The question originally was: How long would an elevator ordinarily last.

By Mr. Argue:

Q. Let us assume that "annex" was what I meant, when you are thinking of your elevator system, and thinking of building new annexes. You said that you wanted to do it where the crops come in regularly. That is quite understandable. But what do you have in mind as a minimum period of storage which would make such a move a sensible one from the point of view of earnings from the storage in that annex—in other words, to pay for the annex,

or the investment and the interest on your money for the whole works? Where would you be if you had four years of storage at 40 cents a bushel.—A. I could not say.

Q. Would you have lost money on it?—A. On four years storage?

Q. At 40 cents a bushel.—A. I think it would just about pay for the annex.

Q. But without any interest on the money?—A. If you use all the money you get to pay for the building of the annex.

MR. WESELAK: You would have the additional handling charges, would you not?

By Mr. Argue:

Q. I realize that. But I was speaking of the revenue on the storage only. In deciding not to build in an area where the crops are not regular, I suppose you are thinking of the congestion period, and that storage would be longer at least in that area; it may be for a year, or three, or four years.—A. Perhaps I might say this: in addition to my comment in regard to the section of my province which is not a too regular producer, we have a condition developing which I think is probably pretty general over the low territory beside our own, that there seems to be a tendency to develop large towns at 30 or 40 mile intervals, and we have at those points—and it has been accepted by the farmers as larger delivery points—we have built larger storage for that special reason, that when the farmers come to town to buy various things, they will bring along a load of grain with them and they like to have a place to unload it; and it is sort of a natural operation with them which we have recognized. That is within what we call the dry belt, and we have built large storage space at these points in the larger developing towns in order to take care of the development which I suggest.

Q. When you build and provide for new annexes, you would have that storage development in mind, and at the same time you will bear in mind that additional space will enable you to step up your handlings. You have a plan under which, when grain comes in there and is delivered, there will be some movement in and out of the annex, and that you will be in a position to take care of the storage and handling of it?—A. Certainly.

Q. Would you care to say how fast the grain comes into the annexes and out of them? I know it depends on congestion.—A. It all depends on conditions and the type of grain and the variety and the sales of it by the Wheat Board and so on. I would not attempt to say.

Q. What would be a rough proportion of the grain in your annexes? Is there more there now than there was, let us say, a year ago?—A. I do not know.

Q. Would it be one half of it or one quarter of it?—A. We had No. 6 and feed wheat which we carried for a couple of years without looking at it. It has been shipped out, much to the satisfaction of our agents who had been watching for the last two or three years and we have a lot more in the annexes that has been there for over a year.

Q. With your annexes, for the last two or three years, do you think it is fair to say that the majority of the grain has gone out within a year? My own experience in Saskatchewan is derived only by watching the elevators; and it seems to me that most of them unload their annexes once a year. Has that been your experience in that regard, or do you think that it stays in for as long as three years at a time?—A. No, I do not know how fast it is turned over. But the grain which we put in last year is grain that can be stored as you know, good grain and in good condition, and it is not dangerous such as the 1951 crop was. Mr. Griffin points out that we carried over 21 million bushels last fall and that is the proportion, I would say, which would be carried

over until this fall. There is no particular object in taking it out and then replacing it immediately; and that would be a condition that would obtain now with farmers waiting to deliver.

By Mr. Studer:

Q. These annexes then, after they have accomplished their purpose, are never completely lost, because even if there is a period of crop failure—I found that many of them have been instrumental in helping the local community; they have been turned into very good skating and curling rinks, for example, and they have been a source of benefit to the community.—A. That is right, and you will realize that we have spent quite a lot of money on those annexes in maintaining them over the last 30 or 40 years.

By Mr. Blackmore:

Q. Have you allowed for the cost of insurance? Have you given us that item as a factor in the competition?—A. The insurance?

Q. It must cost a certain amount to keep these places insured, does it not, whether you use them or not.—A. Under what angle of competition do you bring that in?

Q. You insure them against fire.—A. They would be insured, certainly, all the time.

Q. Can you give us an idea of what that would amount to?—A. I do not think I could give you a figure offhand.

By Mr. Studer:

Q. I would like to refer to your brief in connection with overages. Recently in a discussion on overages the question was raised as to why it was not possible to obtain the overages of the different grades at any local point. Do you think that would be desirable?—A. I do not think it would be necessary.

Q. Thank you.

The CHAIRMAN: Are there any more questions?

By Mr. Argue:

Q. Would you have any objection on that point, or your organization? I do not know what your practice is—if all elevators were asked to publish their country elevator overages or shortages with an explanation, if you want to attach it. Would you have any objection to making that information public?—A. I think it would create a lot of confusion unnecessarily, and for this reason: that as I said at the time of my brief, when I stated that our people, years ago, had a lot of uncertainty in their mind as to how grain was handled and there was a lot of suspicion and a lot of theoretical opinion which probably might have been questioned. But now we have experience through our actual operation, and we know much of what can happen; and if we have the overage picture at the end of the year, our farmers can pretty well estimate as to whether houses are operating in a way that they think they should or not, although there is a difference, I will say, in the quality of crops in different places and that sort of thing that has an effect on it, but I do not think it would be any advantage. I do not think our farm people would be any more satisfied if they had three or four thousand points to examine as to overages and shortages and so on.

Q. I do not know how your organization is set up as compared with the Saskatchewan Wheat Pool, but in the local association do you have a committee? Do you have an annual meeting on a local basis?—A. We have meetings, but not in the same way. We have meetings at a great many points, not

all of them every year. We started out to organize these committees at all pool points, elevator committees. The objection was raised by the other farm organizations that with the care we were taking to develop these committees and their activity and their interest it was going to kill the other local organizations, and they said, "We would rather that you did not press this too far". They said it was either going to be an elevator company or, at that time, a U.F.A. committee.

Q. When do you have these larger meetings of your people?—A. We have seven field men who go with the directors, and usually the local agent, and usually the traveller, and they attend these meetings and discuss these meetings with our local people at the different points.

Q. When they are discussing that with members and your people, are they able to get the results of overages and shortages of their elevators in that immediate locality?—A. No, not generally. I will say this, that if any of our delegates want to know what their outturn is at any point in his district, it is available to him at any time he wants. We ask him not to broadcast it to the world, but if there is any useful purpose it will serve, to go ahead and use it.

Q. A given farmer, a pool member patronizing the pool in Alberta, if he thinks he has a good reason for wanting to know the overage or shortage position, probably can find it out?—A. The delegate is usually a man who is well respected in the general locality, and if he says it is O.K., he gets it.

Q. We know the public figures. You have mentioned this again in your brief as to overages, .06 per cent, the last one?—A. That is gross.

Q. Yes, gross overages. From what I read in your brief and other places that the shrinkage allowance was one-half of one per cent, the Board of Grain Commissioners came to the conclusion that it was unnecessarily high and they reduced it to one-quarter of one per cent, and later they came to the conclusion, I take it, that it was too low and put it up to three-eighths of one per cent.—A. That is right.

Q. .06 per cent is just one-sixteenth, as I calculate it?—A. That is right.

Q. The annual report shows that twice as many country elevators where they did have weighovers had overages as compared with shortages, that is all across western Canada. Do you not think that there would be some merit if the Board of Grain Commissioners considered setting a shrinkage between one-quarter of one per cent and three-eighths of one per cent, and at least in the year under review that would have meant no overage and no shortage, within maybe four decimal points? .06 per cent is one-sixteenth, if you took one-sixteenth off three-eighths, the overages and shortages have just cancelled out. It seemed to me that would be one method of getting away from the argument about excessive overages.—A. Well, Mr. Argue, I had a comment made by Mr. Justice Turgeon after his royal commission had sat in 1925.

Q. I am not arguing that there should not be a shrinkage allowance. I can understand the justification for it.—A. I thought I had the sheet that gave his conclusions, but he examined many elevator agents and there were indications given by the elevator agents themselves that they could not make a return at the end of the year that showed a shortage. They felt they should not, and they protected themselves. This is his own comment. One group of agents indicated that they took from 10 to 20 pounds a load, another from 10 to 30, and another from 10 to 40. He said that the shrinkage allowance which would take care of this condition that the agent was trying to protect himself against would be desirable, some sort of allowance. I do not believe honestly that the Board of Grain Commissioners can get any closer than what I suggest, a few jam tins full in a big truck load, and the farmer knows it. It is not that it is being taken from him and he does not know it. He knows it.

Q. Correct.—A. It is part of the deal when he sells the grain, but it is well worth-while to him and it is worth-while his paying.

Q. If the Board of Grain Commissioners established for next year a shrinkage allowance of five-sixteenths of one per cent and it is worked out in pounds and put into tables for the benefit of the operators, why would that not work out a little better than three-eighths of one per cent, which is six-sixteenths?—A. I think it is too close. I think it would be better to have the farmer know that he is contributing a little, and know that that is all there was.

By Mr. Johnson (Kindersley):

Q. Any overage you would have is put in as revenue for your pool, is it not?—A. Certainly. Whatever we have that is left over is accounted for.

Q. It will be distributed in the form of patronage dividends, if that is your policy?—A. Of course. The objection is that we would handle only part of the grain and some of the rest handling it do not get it back.

By Mr. Argue:

Q. Even your pool people get back only the initial payment?—A. We get the same as all the rest.

Q. They lose the interim and final payments?—A. That is right.

Mr. HARRISON: Taking the whole picture, should you not take into consideration, not only overages and shortages, but also grade losses, in order to figure that position a little more accurately?

The WITNESS: We always consider it a part of the picture in our own case, and our grade losses are more than our overages, I can assure you of that.

Mr. STUDER: In how many years during the last 10 years would you have had a grade loss?

The WITNESS: I could not say.

Mr. G. C. GRIFFIN: Every year, on wheat.

Mr. BLACKMORE: Could you give us some idea of how large that grade loss was?

The WITNESS: No, I have not the figures here, sir.

Mr. G. C. GRIFFIN: The grade loss last year was more than the value of the net overage on wheat.

Mr. BLACKMORE: You could not give us the figure?

Mr. G. C. GRIFFIN: No, because I have not any further back than last year.

Mr. HARRISON: What would be your average grade losses?

The WITNESS: I could not say. Would you have any idea, Mr. Griffin of our average loss per bushel? No, I would not hazard a guess.

By Mr. Blackmore:

Q. There was one matter that I would have been pleased to hear Mr. Plumer proceed with a little further. As I gathered it, there was set up a committee, a sort of interprovincial pool committee, to study the matter of how to improve the allocation of cars. Did I recall that aright, that this committee, as I understand it, has had three or four meetings and probably has made recommendations? Is there anything that Mr. Plumer would care to tell us about the general trend of the discussions and conclusions of that committee?—A. Of course, it is something that is under consideration, and I do not know what the conclusions will be, but we have discussed it with the department, and the Board of Grain Commissioners and the Wheat Board

both know that we are carrying on these discussions. They are not so intimately concerned with it from the standpoint of being the ones who are going to formulate policy, but they know that they are being carried on and we certainly had a sympathetic hearing, and the department has listened to our comments and suggestions. I do not know what the outcome will be, of course.

Q. What particularly interests me is this: the trend of the findings and the conclusions leading in the direction of the idea that Mr. Plumer has expressed as being an ideal way of giving every elevator company a fair deal in the matter of box cars.—A. You take in a little more territory than I would when you say "the ideal way". I do not know that there is any ideal way—

Q. The best so far.—A. We think this is an improvement over the system of "one elevator, one car".

Mr. STUDER: With regard to the last statement in your brief:

We believe that the Canada Grain Act, competently administered as it is, by the Board of Grain Commissioners provides ample protection for the producer in assuring him of accuracy in weights, grades and dockages, to conform as closely as possible to government standards. Does that mean that you would not have any recommended changes that you would desire in connection with the Canada Grain Act or its administration?

The WITNESS: No, no major changes at the moment.

Mr. ARGUE: You do recommend changes from time to time. I have not looked at your annual report, but you would be the first one that did not, I imagine, if you did not.

The WITNESS: Yes, we have these suggestions put forward, but in the general administration and the important part of the work of the grain commissioners I will say that we get along very well with them.

The CHAIRMAN: Does that conclude the questions of Mr. Plumer?

By Mr. Harrison:

Q. I would like to ask Mr. Plumer a question on the position with regard to diversion charges. I do not know whether you were here when Mr. Brownlee gave his testimony in regard to diversion charges. He indicated that the grain trade had fallen on happy days in the last few years as far as their earnings were concerned and would have been possibly in a position to absorb diversion charges if they had been cancelled, or at least absorb the loss occasioned by their cancellation, but otherwise over the long haul they would not be able to get along without those charges, and he thought they were a legitimate charge. What is your position?—A. I agree with them. I will tell you why. I said in my comments yesterday that all these items that go to make up the revenue for a grain handling company are taken into consideration, in my opinion, by the Board of Grain Commissioners when they set the maximum figure. They know what we make out of these things, and they take them all into consideration and set the maximum figure whatever it may be.

Q. If diversion charges were cancelled, you would have to seek revenue elsewhere?—A. In my opinion, yes.

Mr. STUDER: The big point would be the unfairness of it, one company being called upon to ship grain if a shipment came and they had to put forward 100 cars, and that may not apply to another company.

By Mr. Weselak:

Q. The increase would result in a shift in the cost of handling more to the producer?—A. The amount of the diversion charge that is paid in comparison with the higher charge per bushel, a higher maximum charge allowed per bushel by the Board of Grain Commissioners would be, I think, out of proportion entirely.

Q. The diversion charge is being paid by the miller and consumer mainly now, is it not, and if the handling charge were increased as a result of doing away with the diversion charge, the handling charge would be paid by the producer?—A. There would not be so much difference from that angle. There are certain charges made to carry on the cost of the plant and the operations that go on within it. It was transferred from our plant because the revenues made by some other plant which makes the earning, and the company which gets the benefit of the diversion charge gets some recognition of all the services that Mr. Brownlee suggested on collecting the grain and forwarding it and so on. But they lose that terminal earning and someone else gets it.

Mr. ARGUE: Mr. Plumer, I think your presentation has been most interesting and I have enjoyed getting your ideas on the distribution of box cars and other points. I believe that it is the first time, at least in my experience, that you have appeared before the agriculture committee, and I think it was a very good move. I must confess to you quite frankly that I did not know you were going to present a brief. Was the minister in a good happy mood in suggesting it to you. What made you make up your mind?

The CHAIRMAN: Does this complete the business?

The WITNESS: Do you want an answer to that question?

Mr. ARGUE: Yes.

The WITNESS: Well, your chairman will tell you that when I replied to his suggestion—he did not invite us, mind you, he told us that if we wanted to make one the committee would hear us—I said that we were not anxious to make a statement but, as I said before, we proposed to attend and we were anxious that the committee get proper information outside the reports of the different boards who were going to report, and we were here for that particular purpose, so that in our opinion if there were things said to this committee that were not correct we would assist in giving the committee the correct picture. That is why we are here.

The CHAIRMAN: Thank you very much.

Mr. BLACKMORE: I would like to commend him quite highly for the way in which he has presented his case.

Right Hon. Mr. HOWE: He is a fine witness. Let us get on to the next witness.

The CHAIRMAN: Thank you very much for coming here and for your co-operation, Mr. Plumer.

We now have Mr. J. H. Wesson, president of the Saskatchewan Wheat Pool, and Mr. D. R. Lamont, the general manager of the Saskatchewan Wheat Pool elevators and terminals. Mr. Wesson informs me that he has no written brief with him this morning. I will call on Mr. Wesson now.

Mr. J. H. Wesson, President of the Saskatchewan Wheat Pool, called:

The WITNESS: Mr. Chairman, Mr. Minister and gentlemen, I want first to express the appreciation of the Saskatchewan Wheat Pool for the invitation we received by letter from your chairman and later by telegram from the minister. As Mr. Plumer said, realizing that certain things were being discussed before this committee by others, and a good deal which has emanated

from the discussion by the Board of Grain Commissioners and witnesses since, we decided to accept the invitation and make our contribution towards it on the basis of our own experience.

As all the western members of the committee are aware, the Saskatchewan Wheat Pool is a very large organization. It is owned and controlled by over a hundred thousand Saskatchewan farmers. We operate in divisions: we have a country elevator division; a terminal division; livestock marketing division; printing and publishing division; flour mill division; and vegetable oil seeds division. In the main, what I have to say in this evidence before the committee will deal very largely with six phases of operation, and mainly with the handling and marketing of grain. I do not intend to discuss the marketing of livestock in this meeting, or the operation of a flour mill, unless you want information, nor the other divisions of the organization.

I have already notified the chairman that I have no brief. I do not think this is too important, because there is a *Hansard* reporter who will take down all I have to say and you can read it at your leisure. I intend to deal with the operation of country elevators, overages and shortages and what makes them. I intend to deal with the operation of terminal elevators, overages and shortages and what causes them. I intend to deal with grade grains and grade losses in the operation of country elevators, and I intend to deal with what is involved in this question of diversions and give you some information which I think has not yet been disclosed to this committee by any other witness. I intend to deal with the question of handling and marketing out-of-condition grain, and who makes profits if any, who takes losses, and how the handling of this grain affects the farmer. Then I intend to deal with the very vexed question of box car allocations, to finish. I did not intend to deal with the question of box car allocations unless I had to on the basis of questions and answers—simply because, the interprovincial committee that has been referred to several times today in questions asked Mr. Plumer, our negotiations have been carried on privately with the minister and his department. However, inasmuch as Mr. Brownlee yesterday and Mr. Plumer this morning dealt with it, I feel free, Mr. Minister, to deal with it myself.

Right Hon. Mr. HOWE: Certainly, by all means.

The WITNESS: I intend to file two documents which may be used by the committee, and it will save me the trouble of going through all of it in great detail. I want to pick out a few salient points, however, in connection with one of them. We operate 1,150 country elevators with space at the end of last year equal to approximately 72 million bushels. When we get through with this present year's project of expansion our space will be approximately 75 million bushels. In 1928 the total elevator space operated by the Saskatchewan Wheat Pool was approximately 30 million bushels, which means that since that time we have spent or invested money belonging to our members and increased these facilities about 45 million bushels.

We have controlling the operation of 1,150 country elevator over 1,100 elevator agents. In some cases one elevator operator handles two at some points. Last year they handled over 214 million bushels of grain. Our agents are under directives and instructions, and have been for 28 years, to give to the farmer the correct weight, the correct grade as near as he can judge it, and the correct dockage as near as it can be assessed. It is obvious, however, that though we have 1,100 elevator agents handling a volume of 214 million bushels in one year it cannot all come out exactly even. I was one of those radicals in the early days, when I was a director of the grain growers' association before we organized the pool, who objected very strenuously to the "break of the beam" taken by the agent in weighing grain for his own protection, simply because it was my own experience that his thumb was sometimes too heavy. We made a good many

recommendation. We first appeared before the Turgeon commission in 1925, I think, when there had been a shrinkage allowance up to that time applied to special bin grain. We believed that it ought to apply to receipts of all grain, whether it was special bin, subject to grade and dockage, or straight purchases. That change took place and for many years, this decision being under the jurisdiction of the then Board of Grain Commissioners, the general allowance was one-half of one per cent on dry grain and one per cent on out-of-condition grain. It is obvious, Mr. Chairman, that there must be a difference in the cut-off between the gross overage, which includes all dockage, and the net position. The net overage can be changed from the gross overage based on whether the agent has assessed a proper dockage at the country elevator. To tell you how difficult it is for an agent to be exactly correct, most of the members from the west on this committee have experience to know that when you drive into an elevator with a truck load of grain the agent will invariably take a little dip off the load, one halfway down and one at the bottom. Let us say that it takes 10 truckloads of wheat to fill a car, and this process has gone on in the receiving of 10 loads. Every agent has that little dockage tester, and it is quite easy to make a mechanical test on the sample drawn, but the samples drawn do not necessarily tell you the exact dockage in that load. The result is that when the grain arrives at a terminal it goes through the unload operation and the grain passes through the automatic sampler, which operates in an elevator generally, with little cups, and picks an average sample of all grain and dockage throughout the entire car. Suppose an agent makes up his carload of wheat with 10 truckloads, and on the basis of his sample on the little dockage tester it shows three per cent. He ships it out on that basis, because that is what he has taken from the farmers. When the automatic sample is taken, the correct test all through the carload, it may show only $2\frac{1}{2}$ per cent dockage. You can see that on the unload there is a net gain of one-half of one per cent in wheat and a net loss of one-half of one per cent in screening, that is dockage, and it can work both ways. The figures I am going to give you—and I can file these with the chairman for the use of the reporter and the committee—go back to 1945-46. This shows a 10-year period. In 1945-46 the gross receipts of wheat were $84\frac{1}{2}$ million bushels. The gross overage was 378,000. The net overage was 381,000. The gross was .448, and the net .451. In other words, the agents in their dockage assessment were reasonably close in that year. That sounds like a big overage, but you must keep in mind that that year we had some elevators weighed up that had not had a weigh up four or five years. To give you an illustration, I had one case that I looked up, I think in Mr. Studer's area, where this elevator at a given point for five years averaged 150,000 bushels a year or a total of 750,000 bushels. When the cut-off was made in this year, while the cut-off applied to the 150,000, it was the accumulation or otherwise in the handling of three-quarters of a million bushels. That is why the 1945-46 gross and net overage looks too large, close to half of one per cent. The next year was somewhat better, but we were still making back cut-offs, and this year, 1946-47, the receipts exceeded 97 million bushels; the gross overage was 290,000 bushels and the net 213,000; or .298 gross and .218 net. In that year the agents had underdocked. In other words, our net overage was less than our gross. The agents had not docked the farmers enough.

Mr. BLACKMORE: Before Mr. Wesson goes on, would he define exactly what he means by "cut-off"?

The WITNESS: When you weigh up and get sufficiently low stocks in an elevator, the balance of the stocks are weighed and graded by the travelling superintendent and that, coupled with the previous shipments already made, makes a complete cut-off for the year, dealing with the total business. I will

deal with these cut-offs for a few moments, if you are satisfied with the explanation of what a cut-off is. It means a complete weigh-up so the whole year's operations can be posted with the grain in store and that which has already been shipped.

Mr. BLACKMORE: Thank you.

The WITNESS: Now we come to 1947-1948, with 72 million bushels of wheat handled. I will leave the figures out. There was $\cdot 233$ per cent gross overage and $\cdot 360$ net, which means that the agents had overdocked the difference between the gross and the net, between $\cdot 233$ and $\cdot 360$. Now we get into those two years to which Mr. Plumer referred yesterday in his table. When the shrinkage allowance was reduced to one-quarter of one per cent our position was better than the Alberta Pool, because they showed a loss in both years. We had a gross overage of $\cdot 073$, and a net overage of $\cdot 087$. The net and the gross were very close again. The next year, with still one-quarter of one per cent shrinkage, the gross overage was $\cdot 073$, and the net $\cdot 104$. Still the agents had docked growers a little too much. Then we come to the five-year period and including of course, the excessive overage in the first two years, because of lack of cut-offs for several years before, showed a gross overage of $\cdot 222$, and a net overage of $\cdot 236$, or less than one-quarter of one per cent. I have gone through these figures for a reason, but first I want to deal with 1950-51. There was a gross of $\cdot 038$, and a net of $\cdot 082$. Now, the last two years look to be terrible. I read in the evidence of the Board of Grain Commissioners where a member of this committee asked about this excessive dockage that was being taken from the farmers' wheat. I think one of the commissioners answered to the effect that he was going to try to find out. I will give you the information now. In 1951-52 our handling with carryover was 157 million bushels. The gross overage was 179,000 or $\cdot 114$, and our net was 505,000 bushels. In the next year, 1952-53, our handling with carryover was 192 million bushels. The gross was 180,000, or $\cdot 094$, and the net was 549,000 bushels, or $\cdot 285$. Here is the explanation.

By Mr. Argue:

Q. What is the net for 1951-52, I missed that.—A. 505,000 bushels of wheat.

Q. And what is the percentage?—A. $\cdot 321$; the gross was $\cdot 114$ last year on 192 million bushels; and the gross was 180,000 and the net was 549,000 bushels. There is an explanation to that. The gross figures of 179 for one year, and 118 in the next year are based on the cut-off made in 1951-52 in 502 elevators. In 1952-53 only 531 elevators were weighed-up.

In 1951-52 660 elevators were not weighed-up; and in 1952-53, 628 elevators were not weighed-up; and the reason this net figure looks so outstandingly big relative to the gross is when the elevators were not weighed-up, with these large stocks—Might I say what was the carry-over last year? Our carry-over at the end of July was 56 million bushels of grain; and I think it was about 38 million bushels the year before. So that what we did under the instructions of management here was to have travelling superintendents who drew samples from all these stocks and an assessment was made on the dockage content; and on the basis of these assessments an estimation was made of what the position might be, and there are the results.

It is obvious, Mr. Chairman, that if an agent cannot be too close in drawing samples from a load as against the samples taken in the terminals, these travelling superintendents with their drawn samples can be a long way out. It is obvious, when the time comes that the cut-off will be made, there will be

a change in your gross figure, and I would estimate that there may be a vast change in the net figure by the time this grain is unloaded at the terminal or the mill.

There is the answer. Samples were drawn and estimates were made and these figures of the net which equal .321 and .285 after all, are not too big. There was a wide discrepancy between the gross and the net and we think that that will change.

But let us take the period of the whole eight years and include with these figures for net dockage the range in the whole eight years. Our gross was .153 and our net was .241, or as you can see, less than $\frac{1}{4}$ of one per cent.

Our gross on the basis of .153 represents 9 pounds for each hundred bushel load of wheat and we think that is a reasonably close operation.

Now, because of this, before I go on to the next matter may I say, anticipating your questions, that we believe that it is a sound policy for an agent to be weighing grain where he is reasonably sure of his position, with a reasonable chance of bringing his house out without shortage. He can only give the farmer the correct weight on a balanced beam, being reasonably sure that the shrinkage allowance would protect him on his handling position.

We think that $\frac{3}{8}$ of one per cent is just about right. We think that $\frac{1}{4}$ of one per cent is too low, and we regard that figure of $\frac{1}{2}$ of one per cent as too high. We tried $\frac{1}{4}$ of one per cent for two years; some companies were short; and let me say that the shipments through the years from the country elevators are rather enlightening. The record shows that in the shipment of grain the agent has been 60 per cent with the result that he has consolidated all these truckloads and has made up his bins and cars going forward to the mills and terminals over the years from 1948-49 to 1953-54, a period of six years; and I have averaged them all. 60 per cent of those cars hold the grade; 17 per cent of the cars lose in grade and 23 per cent of those cars gained.

I am not going to take up the time of the committee to analyze all these different years because strange as it may seem, in some years, when the cars that gained in grade are the largest percentage, and away over grade losses, simply because there is less value in the gain in grade, and a bigger loss per car on those that lost grade. There are no two years alike.

The CHAIRMAN: It is now almost one o'clock. Possibly we could adjourn until 3.30 this afternoon in room 497.

AFTERNOON SESSION

The CHAIRMAN: We will come to order and go on with the evidence from Mr. Wesson.

Mr. J. H. Wesson, President of the Saskatchewan Wheat Pool, recalled:

The WITNESS: Mr. Chairman, when we adjourned at one o'clock, I had just finished dealing with a memorandum of figures dealing with averages and shortages and the results of weighing in country elevators. To finish it, I do not want to give you all the details of oats, barley, flax and rye. Any member of the committee can see and analyze them for themselves. I merely want to give you a "recap" of the whole movement and handling of grain in the eight years, and it must be given in pounds because all bushels do not weigh the same, as you know, 60-lbs. wheat, 48 barley, and so on. In the eight-year period the Saskatchewan Pool gross receipts in pounds were 69,693,000,000 pounds. The gross overage in pounds was 119,700,000. That represented a gross overage of .172, or a little less than 10 pounds to what would be the equivalent of 100 bushels of wheat.

Now, Mr. Chairman, I want to proceed to deal with the terminal elevator situation and give some explanation as to how overages and shortages can accrue. I think that every member of this committee knows that the management of a terminal is not the same as the management of a country elevator. The country elevator operator is responsible for weighing, grading and docking all grain, binning it and shipping it out. In a terminal elevator all weighing in and weighing out is under control of a government weighman, as I understand it, paid by the Board of Grain Commissioners. All grain is graded into the terminal and graded out of the terminal in boats and box cars by a government inspector, so that a superintendent of a terminal is not responsible for weight, grade or dockage. Last Thursday—and I have been very frank in these remarks and will continue to be frank—you had a brief presented to this committee, which I have read, and one part of it made accusations that terminal elevators were guilty of what was called "upgrading" and that the financial results should be confiscated by the Board of Grain Commissioners. I want to call the committee's attention to the report of the Board of Grain Commissioners for Canada for 1952, page 23. Here it sets out the results of weighovers in semi-public terminals, and shows whether there has been an overage or a shortage, and if there had been an overage in excess of one-quarter of one per cent, then that surplus under the Canada Grain Act can be confiscated by the Board of Grain Commissioners. You will find in every case that all terminals had a shortage in top grades of wheat, No. 1 Northern, Numbers 2 and 3. In our own Saskatchewan Pool terminals—I do not need to read this myself, but a big shortage was 12,000 bushels of No. 3 in terminals 4 and 4B.

I come to the one that you were examining last week, Mr. Chairman, and you will find it on page 25. There were not so many weigh-ups because of the congestion, and we have one terminal, No. 4, which was weighed up, with a shortage in No. 1 Northern of 27,297 bushels, a shortage in No. 2 Northern of 21,200 bushels, and a shortage in No. 3 Northern of 20,000 bushels. Now, Mr. Chairman, that seems to me to be upgrading in reverse, because it is obvious that the shortage for those top grades of wheat must have found their way into lower grades or into screening? What have been our actual results in operation? From 1947-48 to 1951-52, inclusive, the last we have a record of, printed on June 8, 1953—I shall give you the receipts in pounds because, as I said before, the weights on bushels are not the same on different grain. The gross receipts in the five years are 22,047,000,000 pounds. That is equal to 220,475 cars of 100,000 pounds each. The net receipts were 21,495,000,000 pounds, all grains, equal to 214,900 cars of 100,000 pounds each. The net overage during the period was 24,549,000 pounds, equal to 245 cars of 100,000 pounds each, and the actual money value of this net overage was \$363,000 in five years on that enormous quantity of grain. Dividing this money into 214,900 cars, it equals \$1.69 on each 100,000-pound car unloaded in these terminals. In view of the fact that the government weighmen weigh grain in and weigh grain out, how is it possible for there to be an overage at all? What is part of the answer? The automatic sampler, to which I referred this morning, to get an average sample of each car, takes out a portion before it is weighed up for unload. This automatic sampler takes from 12 to 15 pounds, and that was not included in the unload weight of the car up to the date I am referring to. Since January, 1953, the Board of Grain Commissioners proceeded to limit the size of this sample which may be taken by automatic sampler. I do not know how many pounds would be available now, but that was the picture at that time. Then during the discharge of grain to boats, about three pounds is taken in a dipper from the stream on each of two to three draughts. Since that time in January, 1953, the Board of Grain Commissioners stipulated that samples taken beyond that required to make a

check on quality must be returned to the government inspector in charge of the loading operations. So up to 1951-52, inclusive, there was some accumulation of overage that was not accounted for at the time the grain was weighed. It was taken before the grain was weighed.

There is provision in the Canada Grain Act for an allowance to take care of invisible loss and shrinkage, 30 pounds for each car of wheat, 50 pounds for oats and barley, 70 pounds for rye, and 120 pounds per car for flax. The figure that I gave you deals with a net overage which has value. You may finish with a small gross overage which may all be screenings. I want to outline to you some ways in which wheat and other grains can accumulate through the operation of the terminal in cleaning and processing, if that is a good word. Let us take, for example, a carload of flax, 1,700 bushels. There may be 15 per cent dockage for the flax. The Act provides that if there is less than $2\frac{1}{2}$ per cent of wheat in this dockage content it is all dockage. So what all terminals do when they clean the carload of flax is clean it down to the requirements of the government inspector and then take these screenings and separate them, and it is possible with that amount of separation that there is two per cent or 34 bushels of wheat. What becomes of that wheat? It is a net overage, and under the present control must be delivered to the Wheat Board, and becomes part of that famous two million bushels we heard so much about last week. There are also certain amounts of recoveries of oats and wild oats. However, when you have to salvage grain which is of value you must automatically reduce the amount of dockage allowed. In other words, you have less screenings to sell, but you have wheat, oats and wild oats to sell to somebody. Now, this is not all "gravy"—if that is a good word to use. When I say that we have \$363,000 worth in money in five years, just keep in mind that there are costs to be deducted from that for power to operate these cleaners, the wear on machines to make separations, and that a wage is paid to the crews to operate these machines, to process and recover the grain. After all these expenses are paid, the net position is what you have made for the terminal and you can figure that it is not too large in the whole amount in five years.

Now, the next thing that I want to deal with, Mr. Chairman, is the question of grade gains and grade losses. There has been so much talk of the enormous amount of money that elevator companies make by undergrading the farmers' grain, as well as overdocking it. I have a record here of 28 years' experience, and out of the 28 years 19 of those years have shown a grade loss. There they are in red figures, and you can see the copy that the chairman has in his possession later. Nine of those years showed a grade gain, and the final result in the handling of 2,777,970,000 bushels, after deducting the nine years of grade gains from the grade losses in 19 years, shows a grade loss over the period of \$2,389,000, or equal to 86 cents for each thousand bushels. Now, maybe I should not say this, but how else can I show these things—many of the eastern people want to know what causes a grade loss or a grade gain. It is the difference between the grade taken in and paid to the farmer by the country elevator, and when the carload of grain is shipped and unloaded at a terminal or a mill and if the government inspector agrees with that grade, there is no loss and no gain. If he raises the grade, there is a grade gain, and if he grades it a grade lower, there is a grade loss. I want to be frank about this position. These figures may not be exactly accurate, for this reason. These figures are predicated each year on the agent putting on his shipping form, which goes to the office, the grade on the basis of which he received it from the farmer. If he makes an error and puts his own opinion of the grade, which has no relationship to what he paid the farmer, then there could be an error to that extent, but I think you will agree that through the years it all works

out and in the final analysis cannot be very far wrong. You will see, Mr. Chairman, that if there is to be any criticism of any grading, as far as the farmers are concerned, our Saskatchewan Pool members have always given a little leeway, and our agents have leaned over backwards to see that they get a square deal to the extent of grade loss of only 86 cents per thousand bushels, and the grower received it.

By Mr. Argue:

Q. Did you not say this morning that on 23 per cent of the cars—maybe I misunderstood your figures—there was a grade gain, and on 17 per cent, a grade loss?—A. That is right.

Q. How does that jibe with this?—A. I would have to get—

Q. Here the percentage of grade grain was greater than the percentage of grade loss?—A. We finished up with a net grade loss—the losses on the cars that lose grade are greater than the cars that grain grade. I have all the information here if you want to see it.

Q. I just wondered why.—A. That is the answer.

The WITNESS: Now I want to come to the question of diversion charges on which there has been so much controversy. I would like to say that this question of diversions allowances from country elevators to other points, rather than to the terminal belonging to a company, we believe in sound business. Let me take you back to long before there was a Wheat Board, even years before the pools operated in the contract pool starting in 1924. In those days when grain was all sold on the open market this wheat—I will deal with wheat because I am going to deal with mills—belonged to the elevator companies, and this wheat was worth so much money put down in their own terminals. To get wheat, millers never objected to paying a cash premium over the cash price of wheat to secure it in the west rather than have it shipped to eastern Canada when there was no chance to get it back. So it is not a new thing. Any elevator company that has been built up through the years always saw the advisability of acquiring terminal facilities to take their grain from country elevators and handle it all the way through, and, conversely, terminal elevators have not been able to, operate except in instances I shall refer to in a moment, without feeders. In other words, terminal elevators are able to take the grain from elevators as feeders. As I said a few moments ago, there have been exceptions. The two railway companies many years ago built terminal space at the head of the lakes. The government, I think, built one or more. They are not operating them now. They realized many years ago that it would pay them to lease these facilities to operating companies so they would be used, because they learned by experience that a terminal sitting at the head of the lakes, with only normal crop movement, is assured of no volume of grain and would enjoy only slopovers. Some people are saying today that these diversion charges ought to be eliminated. I would suggest that they who believe that, ought to build a terminal and see how much grain they get without paying a premium to get it. It would not take long to get the answer. I am going to deal with different kinds of diversions and the sources of revenue, because this was made a public document last December to our delegates and there is no reason why I should not tell you about it here. There is an agreement made between handling companies and what we know as a milling committee in Winnipeg to determine how much those diversion charges shall be to divert wheat to mills, and this is the arrangement made last August. Mills pay to elevator companies two cents a bushel on all top four grades of wheat. They pay 2½ cents on all other grades of wheat. They pay an additional cent a bushel on all wheat grading No. 4. Even I cannot explain that one. They pay an additional half-cent on all other tough grains. Why do they do it? Because it pays them to be sure that they

are getting their wheat supplies and that elevator companies would not ignore them, to see that the grain was put through terminals on which they could make an earning. I think you will agree, Mr. Chairman, that up till now this is not costing the farmer any money. It is not an increased charge. It is merely a premium, which is an increased price by way of two cents that the mills pay to elevator companies over the price charged to them by the Wheat Board each day. Now then, there are several arrangements made for diversion. For instance, there is a mutual agreement between most terminal elevators, whether deliberately or inadvertently. On wheat moved by railway companies to what we call foreign terminals they make an adjustment with each other on the basis of $1\frac{1}{2}$ cents per bushel.

We have an arrangement with the Manitoba pool elevators and I do not think I should tell you what it is, but it is in excess of $1\frac{1}{2}$ cents per bushel depending on their operation.

And we have an arrangement with the Alberta pool terminals at Pacific Coast, under which they also pay us $1\frac{1}{2}$ cents per bushel.

I think that nobody can say that this has cost the farmer any money. True it is that as long as we can collect a cent and a half for that grade which we have diverted from the Saskatchewan wheat pools, then we are saving money in revenue for our Wheat Pool members.

If this diversion charge was not paid, it is obvious that the Manitoba pool terminals would have that much more for their farmers and so would the Alberta pool.

As far as a mutual agreement is concerned, it would merely increase their profits. And there is another thing. I shall leave Prince Rupert out of it. The only places where it could cost the farmer money is where the Wheat Board actually pays the diversion charge.

Under our handling agreement, the Wheat Board agrees to pay the elevator companies $1\frac{1}{2}$ cents on wheat unloaded in interior storage terminals. But there is this provision which is not generally understood: that if, during the last year the Saskatchewan pool had unloaded 3 million bushels of wheat in terminals at Moose Jaw and Saskatoon, when later on this wheat is shipped to the east, and goes through the pool terminals, we refund $1\frac{1}{2}$ cents to the Wheat Board.

Now then, there is only one small thing left. And this I think is the bone of contention: Should the Wheat Board pay the diversion charge on wheat shipped to Churchill?

Let me say for the record that the Saskatchewan Wheat Pool has always been a strong supporter of the development of the Hudson's Bay route and we still are.

We carried on experiments in the early years alone, and in some years it cost us a lot of money, and we still provide our share of the shipments to Churchill. It is now getting rather large, up to 10 million bushels, and the question now arises in the minds of these people who are enthusiastic over the route, whether it is fair for the Wheat Board to pay the elevator companies $1\frac{1}{2}$ cents for diversion through this terminal when it does not go through their own, or through the mills, or to the other terminals.

You may be surprised to know, that I do not think the Wheat Board should pay it, but there is a reason why they do.

For many years, when the Saskatchewan Wheat Pool operated this terminal alone, we had an agreement with the Board of Harbour Commissioners under which we could store grain for a full year for 1 cent. For several years the Wheat Board operated with that same privilege.

I think last year it was increased to 3 cents, but that is a long way from the 10 cents a bushel for a full year at a thirty-fifth that you were discussing this morning. I would say that if the terminal at Churchill enjoyed the same revenue from storage of a thirty-fifth of a cent per bushel per day, then the terminal elevator could pay that diversion allowance. But, of course, the Wheat Board is enjoying that small rate of 3 cents for a full year and they are saving money for the farmers who enjoy that storage at 3 cents, and they pay the diversion charge out of the Wheat Board's funds.

I want to repeat that the Saskatchewan Wheat Pool is a strong supporter of this Hudson's Bay route. I see that the minister has just come in and I would like for the record to thank the government through him for the decision to expand, or for the attempt to expand that space in the near future at Churchill.

The success of this Churchill route will never depend on these small savings that consist of the freight differential from one to three cents per 100 pounds on shipments from a few selected points; neither will they make a success because the elevator companies may be asked to make a cash donation out of their earnings.

The success of this Hudson's Bay route will depend first on the continued increase of volume through that port for shipment to Europe, and ensure the difference in cost between Churchill and Fort William.

And correlated with that must be a recognition on the part of a businessmen in western Canada who will see the advisability of buying incoming merchandise through Churchill and the saving they can make. And I suggest for the record that I hope they will buy from the United Kingdom so that it will give them more dollars with which to buy more western wheat.

Now, Mr. Chairman, I have gone through four of these phases and I would like to summarize them before I proceed to deal with the other two questions.

As to country elevators, and shrinkage allowance, with a balanced beam in weighing grain in country elevators, that means a plan of eliminating dishonest weighing. The estimates of dockage contents will always depend on the human element based on samples drawn from the load and not on a mechanical test; and over the years the surplusses have been exceeding by small ones.

As to grade loss and grade gain, the result of 28 years which I have filed with your chairman has been in the best interest of the pool members.

As to terminals, weighing and grading of grain is under government jurisdiction both in and out of terminals. There can be no criticism of terminals as far as operating is concerned, salvaging the small amount of grain from screenings which costs money for wages, machinery and power.

If these surplusses were to be confiscated, then in all probability the separation would not be made because there would be no reason for the terminals to incur the expense of doing it, and so it would all go into screenings.

Under the heading of diversions, country elevator operations in assembling grain are feeders for terminals operated by the same company. In other words they are one unit. Mills do not pay an extra charge. They pay an increased price by way of a premium over the cash price to get wheat.

Diversion premium between terminal elevator companies is a mutual arrangement.

And the last one, the Churchill diversion charges, should be paid by the terminal, providing that the terminal collects the full storage for the year from the Wheat Board. Only a small storage cost is charged to the Wheat Board so that it saves money for the Wheat Board to have kept its cost down and to pay the diversion charges.

For the above reasons, the Saskatchewan Wheat Pool recommends that no changes be made on these four questions at this time.

Let me make a short statement before proceeding to deal with the question about conditioning grain. When I commenced my remarks, I reminded you that the Saskatchewan Wheat Pool is owned and controlled by over 100,000 farmers. Last year they delivered 214 million bushels of grain. 96.75 per cent of this grain was delivered by pool members; and only 3.25 per cent was delivered by farmers who did not belong to the pool.

Over 84,000 of those members shared in the patronage dividend savings.

There is no doubt in my mind that if it had not been for congestion, many more thousands of pool members would have been delivering grain; but they did not have a chance to get their grain in.

Now, Mr. Chairman, last Thursday you received a brief from Saskatchewan containing a number of recommendations dealing with the confiscation of overages and the elimination of diversion charges and many other things.

In the last year, between April and April, there have been over 8,000 pool meetings held in Saskatchewan, consisting of committee meetings, joint committee meetings, joint conventions, and meetings of pool members, generally. From these meetings over 200 resolutions come into our office and to the board every month dealing with all phases of the agricultural economy. I merely want to say that not a single resolution has come in from any of these meetings that agrees with the proposals made to this committee last week in the brief from Saskatchewan.

I want to say one or two things about tough and damp grain. I think it was discussed by Mr. Brownlee, at least in cross-examination, and I am not too sure whether you asked Mr. Plumer any questions on it. But I want to analyse it to determine who makes any money and who loses it.

I will start with a country elevator. When the farmer delivers damp grain to the country elevator, it is obvious that it cannot be dried there. In the handling of this grain the Board of Grain Commissionners allows a higher percentage for shrinkage because of the greater risk of loss.

We have the same Wheat Board handling charges on it, namely 4½ cents a bushel. This grain is shipped to the terminal, on account of the Wheat Board. It is then their property. They arrange with the terminal to dry this grain.

In the first place, the grower who delivers that grain receives a spread under the straight grade to allow for two things: first, to allow for the reduction of water in the value, because no farmer expects to sell water and call it wheat; and secondly, to pay the cost of drying.

There is a schedule which is used by the Wheat Board at the terminals to determine, on the basis of the percentage of moisture, what the charge should be. May I say that some terminal operators, including our own people, lost a lot of money in 1952 in drying some cars this way simply because the moisture was excessive; the moisture in lots of cars was up to 25 per cent. Now then, who has to pay for all this? Who has made money up to now?

The spread is an arrangement by the Wheat Board to give the farmers an initial payment, and because the cost of drying was deducted, the Wheat Board now proceeds to pay for the drying of this grain.

In the brief to which reference was made a few minutes ago, they talked about the loss of something over 3 million bushels which they say should be added to the overage of 2 million bushels of wheat. Well, I cannot think straight, if that is correct.

The moisture is gone. And what is the position then? Let us suppose for the sake of argument that 100 million bushels of damp grain were dried in the terminal to the account of the Wheat Board, and they dried out 5 per cent. They have now got 95 million bushels of dry wheat, have they not?

When they have got 95 million bushels of dried wheat it is worth as much or more than 100 million bushels of damp wheat. So it is in the interest of the farmer that it should be dried.

Let us take the tough grain question which has been discussed. When there is a large amount of tough grain or tough wheat in the terminal, if the Wheat Board can avoid it they do not want to pay for this tough wheat to be dried because there was no deduction made from the producer to pay for it. So what do they do? They arrange under certain instances—providing there is sufficient dried grain for blending—they arrange for the cancellation of the warehouse receipt and they turn this wheat over to the terminal not for drying, but for blending. But the terminal elevator company does not buy this tough wheat at a spread of 4 cents.

The Wheat Board allow sufficient, with a very small margin only, to pay the elevator company for the cost of blending and mixing this wheat; and when they are all through, let us say, it has taken 15 million bushels of dried wheat to blend with 5 million bushels of tough wheat; but the board has now 20 million bushels of dried wheat to sell which has again raised the value to the farmer.

There was one instance where some blending of damp wheat did take place in country elevators and that was in the year 1951-52.

Westerners will remember the position we were in when it was estimated that in the fall there were at least 275 million bushels of grain in a damp condition while there were many many millions—I just forget how many—over 100 million, I suppose—of wheat left out all winter.

The position was such that most people became concerned about spoilage. Certainly the Saskatchewan Wheat Pool did; and I think we went a little further than other companies and in the month of January we issued directives to our agents not to carry more than 3 carloads of damp wheat at one time.

There was a desire on the part of the Wheat Board and the Board of Grain Commissioners and on the part of everybody to get the stuff forward and dried out. The Wheat Board arranged to dry 17 to 18 million bushels in the United States at Duluth or Superior. As fast as we could move this damp grain out, the farmers got more damp grain in and the result was that when spring came around we sat there with close to 5 million bushels of damp wheat that could not be dried anywhere and it looked as if we faced millions of dollars of loss.

But nature was good to us, and Mr. Brownlee mentioned yesterday how we threshed this grain dry. There has never been a year like it, at least in my experience in this country over 47 years, of grain threshed with 11 per cent moisture content.

Mr. HARRISON: And some with 9.

The WITNESS: Yes, but the average was 11. And what happened to the situation that most of us predicted could happen? We decided in January to take it with the hope it would be blended with grain threshed dry.

What has happened? Millions of bushels of dry grain poured in as space became available. Our agents started to blend this damp grain with dried grain and millions of bushels were graded dry and some down to tough; but it did stop spoilage. Who lost money? It is obvious that the many who delivered dry grain to the country elevator lost nothing. They got the full initial payment for the grade which their grain graded.

Certainly the man who delivered the damp grain in the winter lost nothing. He had a lot of water and he provided a few cents to pay for the drying. So when we blended this almost 5 million bushels of wet and damp grain with dry grain, we not only saved spoilage and millions of loss, but we turned over to the Wheat Board dry grain to sell, which was of a higher value. Who lost any money?

The farmer made it. Let us see what it did to us. This is one of the years we had a grade gain; in 1951-52 on the handling of 179 million bushels of grain, we had a grade gain of \$299,000; and the farmer got an increase in the small savings that could be made in the grade spread, and that means that we saved millions and millions of dollars in value, and his grain was able to be sold instead of being spoiled.

I have now come to the vexed question of car allocation. I agree with most of what Mr. Plumber said this morning. The wheat pools have given considerable attention to this matter of car allocation over the period of the last three years, and no less than 200 resolutions have come in to us from the country every month; they come in month by month and year by year. We have had simply hundreds of resolutions asking us to please build more space, more annexes, so that they can deliver more grain at their point.

Sometimes, at the same meeting, they will ask for different systems of allocation and sometimes they tie the thing together and say: if we can get a proper distribution of cars, then we will not need an annex. So we have had two problems on our hands.

You would be surprised at the number and kind of suggestions we have had from all these country meetings.

Brains are not all in this room or in the Wheat Pool Board; they have got brains in the country.

Mr. ARGUE: Hear, Hear; that is where most of the brains are.

The WITNESS: For the record, the policy of the Wheat Pool organization in Saskatchewan and in the other two provinces as well stems from the general discussions of wheat pool members in the country; it is built up from that grass-roots basis and I think up to now it has been fairly sound.

Let me say at the start that there has never been a better way thought out yet that can improve on the car orderbook section of the Canada Grain Act which, many years ago, gave the farmers a right to order a car to a platform or elevator to load his grain.

But we found in this day of congestion with the small quotas announced by the Wheat Board that it has been rather difficult to operate the car orderbook section of the Canada Grain Act. It required 2, 3, and 4 farmers with the same kind of grain to get together to order one car. It has been difficult. Some farmers did not want to bother. They employ commercial truckers to take their grain, and they did not want to bother with this particular thing. They expected the elevator agent to see to it that their interests were taken care of.

The transport controller—who is sitting nearby—found it necessary on two occasions to suspend the operations of the car orderbook. May I say to Mr. Milner that we think it operated successfully and because we were operating very successfully it took a lot of work. It was unfair, of course, in some periods of the year with the requirements of the Wheat Board; and in that case our people were quite prepared to waive their next turn in the car orderbook until the Wheat Board was satisfied.

However, what we have been trying to do and what our farmers have been trying to do over the last two or three years has been to try to devise some system to fit in with the times.

I can say this to you: we did at one time consider a plan. In Saskatchewan, we called it the "elevator car orderbook"; and in its application, each time the elevator agent accumulated 1700 bushels of grain, he would go to the station and order a car on that date. Well, there were weaknesses in it. Some people did not agree and they had good reason. There was a good deal of discussion too on Mr. Argue's bill which went before the House of Commons a while ago, or at least on the principle of it.

A good deal of discussion and resolutions came from the country and we found that it was not too satisfactory and for some of the reasons which Mr. Brownlee outlined yesterday.

Then we started to deal with the question of the application of the car cycle not as a permanent thing to become rigid and static, but simply as an expediency to deal with the situation as long as this congestion lasted, and that is all.

There is nothing that can equal the operation of the car orderbook when movement of grain is normal. I do not agree with what Mr. Brownlee said yesterday about the application of the present operation of the Wheat Board which he called a cycle, or that it could solve the problem.

If you say that more cars are needed, are you going to change the system of one car for each elevator? This kind of cycle must be predicated on a supposition that one elevator has not the same kind of grain as the other elevators. I do not think that is true. They are all handling the same kind of grain at each shipping point.

Then, the other thing—with all due respect to Mr. Brownlee—which I think is wrong is this: that the Wheat Board will continue with a policy of its own, designing its own car cycle, when I know, and I think you all know, that the Wheat Board started the policy of allocating cars to certain points for the kind of grain they wanted; but they allocate these cars to those points so as to be in a position to receive their full 5 bushels under the basis of the specified acreage.

Let me say this: that those points today which have a 6 or 7 bushel quota have got millions of bushels of the kind of grain that the Wheat Board wants, but they are moving cars to other points for another purpose.

When we get to the place where each point has handled a 7 bushel quota of grain, then the Wheat Board will cease this policy, and get back to one car for each elevator again. That is my analysis of the situation.

We believe that this system can work.

I am not proposing to deal with this question from the standpoint of elevator operations. I am sure you will understand the reason. I could not stand here and argue with you that we ought "hoggishly" to get more and more, when I have already said that we handled 214 million bushels last year.

But dealing with this from the standpoint of the producers, thousands of whom own the Saskatchewan Wheat Pool, it is the question of a system which will give a chance for the farmers to use the elevator of his choice, and, as far as the pool member himself is concerned, it is not only the the elevator of his choice, but he wants to use the elevator which he owns and controls and which he paid for, and from which he derives a patronage dividend if any, and while it can be argued that this thing cannot work, nevertheless I think it can.

Let us take a period of five years. I think it could be agreed that when the carry-over is small at the end of July, it is almost a sure thing that there had been a free movement of grain, and then the farmer could use the elevator of his choice.

Mr. CASTLEDEN: What year was that?

The WITNESS: Let us take 1945-46 to 1949-50. In all Saskatchewan elevators of July 31, 1946 there were 16 million bushels and less in the other year.

In 1951 there was 71 million; in 1952, 84 million; and the next year 126 million. And apart from that time, keeping in mind the average, you go back into the war years, with the same congestion; 1942 had 77 million bushels and the next year 145 million, and the next year 93 million, and the next year 39 million. The prairie provinces are all on the same relative basis.

You have our own position, have you not, Mr. Lamont? I have read to you Saskatchewan, and here are our own pool stocks in 1945-46: 5,700,000, in 1947—5,100,000, in 1948—4,500,000, in 1949—5,700,000, in 1950—5,500,000.

All that proves is that during that period with this small carry-over, the farmer had the right to use the elevator of his choice and there was lots of space in all the elevators, so he could do so.

Our own carry-over position increased from 5½ in 1950 to 56 million last July. So we suggest, Mr. Chairman, that consideration should be given to working out a cycle on the basis where there was a free movement of grain.

Now, there has been a great deal said about more control of storage space and of the possibility of increasing it. I do not agree that adjustment could not be made. Here is Mr. Harrison. He knows the position we are in. In 1950 we had one elevator at Meadow Lake but we now have 3 there. It is obvious that the same allocation of cars could not now take place at Meadow Lake as it did up to 1950.

There has been a lot of talk about the changing situation. The United States growers bought a lot of elevators. One-hundred odd were purchased from Reliance Grain, and we purchased a few, but not many. Adjustments to take care of this increase can be made.

If this talk of additional storage is so bad, why are we not scared about it in the Saskatchewan Wheat Pool because, since 1950 we have built more than 50 per cent of all the increased space in Saskatchewan.

We have increased since 1948-49 from the total capacity of 58,790,000, and we now have 71,919,000, or 72 million, for an easy figure.

In other words we have increased from 58,790,000 by over 13 million bushels of space since 1948. The number of annexes built since 1949 is just under 400, and the board approved, some time ago, the building of 50 more new annexes.

This year, as a result of 20 rebuilds, each one increases the space because you do not build small country elevators any more. So far as we are concerned, if the minister can finally see his way clear to adopt the policy of putting the transport controller in charge of it, with a competent staff to allocate the cycles on the basis of the free period of movement of grain and make an adjustment to deal with the increased storage, the change in elevators, and the change in ownership, we are quite satisfied that most of our people would be satisfied.

Let me say this: believe it or not, you Saskatchewan people, we have got elevators today where we get more grain under the present plan, per elevator, than we did before, and we would lose by the change, but we have got other elevators where we used to have 60 per cent of the volume but now we get only 25 per cent; and it is at those elevators where Pool farmers are completely fed up. Any discussions that something must be done should have regard to the fact that those are the people to be helped.

By Mr. Castleden:

Q. What is the overall picture, the percentage you are handling now as compared to what it was before?—A. Our percentage right today? Our percentage of handling is 43 per cent.

Q. As compared to what?—A. Last year, 45%; the previous year, 45%; the previous year, 47%; and then we get to the free movement period from 45-46 to 49-50, our percentage averaged about 51%. 43 per cent, of course, is down somewhere around 8 per cent under the average of those years.

But I am not arguing on the basis of percentage to the pool elevators. I am arguing on the right of the producer to deliver his grain to the elevator of his choice and in this case to the elevator which he himself owns and controls.

By Mr. Argue:

Q. And even if the producer wants to deal with either of the two line elevators; that is the same principle?—A. That is it. Now, I wish to thank the committee for having allowed me so much time and I appreciate their patience.

The CHAIRMAN: Are there any questions?

By Mr. Argue:

Q. Could the witness give us any statement as to what he thinks the Saskatchewan Wheat Pool might be handling in a year or two if it was a period of competition with no congestion. You have an increase in your capacity in Saskatchewan. What percentage would you hope to obtain of the business, if there were a period of no congestion?—A. I do not know if I can answer that question. But we do know that year after year our membership increases between 5,000 and 6,000, and as the membership goes up the business should automatically come in. We also know that there is a large number of deaths each year, but this number of between 5,000 and 6,000 increase has offset the very large number of deaths each year. From the resolutions of our people passed at county meetings I would say that their percentage would increase.

Q. Up to 60 per cent?—A. It could be. I am saying this with the representatives of line elevators in the room, that some farmers whether they are pool or non-pool, if they can get a better grade, will move out of the pool to go to another elevator. They have done that in the past and probably will again, but I do think this—before you ask me the question, as you did this morning to Mr. Plumer, as to whether we are changing into a static position—I would say that we are in a static position today, but a static position that is not equitable, and we would much prefer, on a temporary basis for the purpose of expediency, to go into another static position based on the free movement in those past years and give many of our farmers a chance to do the things they would like to do.

By Mr. Johnson (Kindersley):

Q: You mentioned that you were working on a system of car allocation over the past three years. Would you say then that there is quite a degree of urgency in the implementing of such a policy?—A. We have growers in the country who think this has been urgent for three years and think that we have been sitting back doing very little. Of course they are wrong. It has been urgent for three years as far as they are concerned.

Q. As far as you are concerned, the sooner a satisfactory solution is reached, the better?—A. The sooner we can get to a position where the people are satisfied, we will be better pleased.

MR. ARGUE: In any discussions that you have had with farmers, and your people with farmers, have you had any opposition to the idea that there has to be a better system of box car distribution? You have had many protests and resolutions saying that this should be improved. Have you found any general feeling that it is all right the way it is?

The WITNESS: No, none whatever. They are all dissatisfied. We have some of our people who think one system is better than the other, but this plan we have outlined to you now has been discussed freely in the country at

meetings with elevator agents and others in attendance who understand the handling of grain, and though they are not all agreed that this is what they want, they agree this is much better than we have at the present time.

The CHAIRMAN: Are there any more questions?

Mr. HARRISON: I would like to ask Mr. Wesson this. He mentioned the fact that country elevators had increased since 1948 by some 50 per cent.

The WITNESS: No.

Mr. CASTLEDEN: 13 million.

The WITNESS: And 42 million since 1928.

By Mr. Harrison:

Q. With the "one car, one elevator" system, is there any incentive to add extra capacity or not?—A. We would not have earned enough money in savings to build up that system if we just handled one elevator per car over the years.

Q. That would not contribute to my three pool elevators in Meadow Lake?—A. You would not have got your elevators.

By Mr. Charlton:

Q. Mr. Wesson, on page 25 are shown the deficiencies in your terminal elevators. Can you give us any reason why there appears to be quite a difference between your deficiencies and some of the other companies' deficiencies at these terminal elevators?—A. Are you looking at the 1952 record?

Q. No, 1953.—A. We had only one cut-off, at No. 4, last year, and you remember that that was the year of the explosion, and there may have been some—I do not know whether I should say this at all, but there could have been—difference in salvage which might have added to a shortage which there might otherwise not have been without an explosion. Would you agree with that, Mr. Lamont?

Mr. LAMONT: It might have. We do not know how to make comparisons with the others. We do not know just what their position was.

The WITNESS: If you look at the National Grain Company, you will see that they have a shortage of 17,000 bushels in No. 2 Northern and 15,000 in No. 3 Northern.

By Mr. Charlton:

Q. The Eastern Terminal Elevator Company has comparably an even greater loss than yours.—A. The Eastern Terminal Elevator Company, third from the top, had shortages of 26,000 No. 1 Northern and 39,000 No. 3 Northern.

Q. I am trying to tie these together. We have heard a certain amount of discussion about deals made between farmers and country elevators regarding an upgrading of their sample. According to the elevator manager it would be upgrading, if the farmer thought it was grade 2 and the elevator agent thought it was grade 3, and they made a deal on dockage to take it in on a grade 3 basis. Could this have anything to do with your deficiency at the terminal?—A. This shortage in the top grades does not mean that there is a shortage in the terminal. As I said before, this is upgrading in reverse, because then high-grade grain would disappear into the lower grades of grain or screenings. There is no connection between that and the operation of country elevators at all. Country elevators' operation is separate and distinct. From the time the grower takes grain into the country elevator, when the inspector puts his grade on it and dockage, at the head of the lakes unload, that is a completed transaction. Then the other action starts as a new transaction at the terminal between the take-in and the unload, and what happens to

it in the process. I can only repeat that the grain that disappeared out of the top grades must have gone into the lower grades of grain, because there is no way it can get out of the terminal unless the weighman weighs it out. There is no other way it can get out.

Q. How the grade is determined at the country elevator has nothing to do with the deficiency at all?—A. None whatever. Two separate transactions.

Q. You mean to say that grain taken in as No. 2 at the country elevator, graded as No. 3 at the terminal elevator?—A. That is a grade loss for the country elevator.

Q. It arrived at the terminal as No. 3, and was graded by the government inspector?—A. That is right.

Q. That would not show as a deficiency in the terminal elevator?—A. Not at all. It shows a grade loss between what the country elevator paid to the farmer for it and the terminal grade.

By Mr. Argue:

Q. I can see that by cleaning grain you would get an overage to the extent that you had cleaned wheat taken in as dockage, but I am not able to see why there should be upgrading in reverse, as you termed it, if the grain going into the terminal has been officially inspected and graded and then going out of the terminals is officially inspected and graded, if I am right.—A. I guess that I have not made the point clear.

Q. I do not understand it.—A. Here are so many million bushels of wheat, No. 1, No. 2 and No. 3, and it goes into a terminal, it is weighed in by a government weighman. Now, after you have gone through your screening, separating and binning and you start to load it out, when there is a weigh-up made again by the government—not by us—we find we are so much short in No. 1, No. 1 Hard, No. 2 and No. 3. I still say that it is upgrading in reverse, because the wheat has gone into lower grades.

Q. How did it get into the lower grades, by mixing?—A. Not necessarily by mixing. By cleaning; some may be by screening.

Q. I just cannot understand how by cleaning a certain given grade of grain you can make it a poorer grade after it is cleaned?—A. Screening. Let us say for the sake of argument—

Q. I can understand the change in net gain.—A. Let me give you two illustrations, Mr. Chairman. Suppose you ship a carload of grain to the terminals in a very dry condition. We have done this in different years, and the more you clean it the more you crack it. That is one of the reasons why the Board of Grain Commissioners allows the blending of tough grain to stop cracking of the dry grain. The more you clean it, the more screening you have and the less grain you have. Let us take barley. In some seasons it is difficult to clean barley without peeling it. You may have a certain amount of malting barley when it gets to the terminals, but by the time you get through cleaning it is not malting any more, and we have to take a loss down to 1-Feed.

Q. Some of the actions that do go on normally at terminal elevators result in upgrading?—A. Downgrading.

Q. Tell me what is wrong with this illustration. Supposing you had mixed grain, barley and wheat, 25 per cent of No. 2 Northern wheat. It is mixed grain. Then you separate it. Is that not improving the grade to get, say, 1-Feed or 2-Feed barley and No. 2 Northern wheat? Some operations result, A. We know that under the Canada Grain Act we cannot upgrade from a lower grade into the top four. It we exceed a quantity of $\frac{1}{4}$ of one per cent overage, it is confiscated by the Board of Grain Commissioners. I have been saying this for years, because of the system of operation where these top grades are kept intact without mixing, it means that we have lost weight and it has gone to the lower grades. In other words, we downgrade, which costs us money.

Q. If you cleaned a sample—I think it would be in order to—if you cleaned mixed grain in the terminal and you got from that a certain quantity of No. 2 Northern wheat, there is nothing wrong, is there, with having that wheat on hand as long as it is not over one-quarter of one per cent, and then it is taken away. You said, I think, a while ago that if you take a certain amount of grain and clean out the screenings you will get an increased quantity of No. 2 wheat. Did you not tell us that wheat was taken in as dockage and you cleaned it out and made it an increase in the amount of grain? I did not say there is anything wrong with the practice. I am just asking whether some practices result in downgrading and others in upgrading?—A. I will say this in answer, that if this operation were in a carload of flax there would be 35 bushels of wheat and, let us say for the sake or illustration, No. 3 wheat salvaged. You do not throw that into the No. 3 wheat stocks without it being accepted as incoming stocks, because if you did you would increase the amount, and you would soon be over the $\frac{1}{4}$ of 1%.

Q. Then would that apply to mixed grain?—A. What do you mean, the lower grades?

Q. No, with this illustration, you say you throw the wheat out of the flax and then 35 bushels wheat would be declared as incoming after the separation.—A. 35 bushels.

Q. Then if you do the same thing with mixed grain, could the part of the good wheat you salvage not be declared as incoming grain?—A. Anything you salvage must be declared as incoming grain. If it was not so, you automatically increase your net without reporting a decrease in the screening.

Q. So when it is cleaned and you have a certain quantity of grain, it is declared as incoming grain on the records but that bookkeeping entry prevents the result being an upgrading on the books; is that right?—A. It prevents too much No. 2 Northern being there and stops overage above $\frac{1}{4}$ of 1 per cent.

Q. If you had an overage of two per cent, there would be an upgrading somewhere?—A. Mind you, Mr. Chairman, I am being just as frank with you as at a country meeting when farmers ask these questions. We do practise mixing in all grades of grain not set out in the Act where mixing is prohibited. Why should we not? After all, there was some criticism before this committee last year that the farmers delivered 10 million bushels more feed wheat than elevator companies delivered to the Wheat Board. That is true, even from country elevator operation. If you investigate, you will find out that the farmers delivered much more No. 5 wheat than they delivered to the Wheat Board. What did we do? We blended No. 5 and Feed and made No. 6 out of it. In some cases you make half a cent in the bushel as profit in the mix. Why was it done? Simply because all through last year and the year before the Wheat Board had a market for No. 6 wheat in the United States. Feed was too poor, and there was always a doubt whether No. 5 did not have too many good kernels in it. So you made a grade by blending. It did not cost the farmer anything, and all the farmers gained.

Q. In the terminal pool the lower grades are likely to—A. As a matter of fact, Mr. Parker is sitting in the room here. He always prides himself that they know a good deal about the operation of what is called manufacturing grain. We are proud that we can do the same thing.

Right Hon. Mr. HOWE: You will have us involved in a royal commission before you get through here, Mr. Wesson.

The WITNESS: All this has been heard before commissions years and years ago. I want to say this, that there is nothing wrong with manufacturing these grades of grain, to put them in a marketing condition, which does not cost the farmer anything and which makes him money.

Mr. CASTLEDEŇ: Will it make money for the line company?

The WITNESS: I am talking about the Wheat Board selling.

By Mr. Byrne:

Q. I am a little confused about this car allocation. I have heard so many arguments that there are one or two questions I would like to ask you. You have said that the car order book was the proper method of distribution under normal conditions. Is that agreed, that the car order book is the best method of distribution of cars?—A. I have said that there is nothing that has yet been devised that can give the farmer a better chance to get what he wants.

Q. The basis of the present method of allocation provided by the Wheat Board is to ensure that as nearly as possible everyone can reach the quota?—A. That is my interpretation of the policy of the Wheat Board. That started eight or nine weeks ago, to allocate cars at points to give them a chance to get the full five and then get to the seven bushel quota.

Q. Has it been successful?—A. Oh, yes. It is obvious that it has, too, because Railway companies cannot spot cars at these points where a six or seven bushel quota is filled.

Q. Particularly in Saskatchewan, I believe there is greater pressure for a changing of the method of allocation to some method the Saskatchewan Wheat Pool has devised. Is that the idea, that they think there is a better method, the customers and people who know the Wheat Pool, who are producers, feel that there is a better way for them to dispose of their grain by a different method of allocation? To put the question straight, have the people who are agitating for a change in the method of allocation reached their quota in the main?—A. I would say not.

Right Hon. Mr. Howe: I think I see what your trouble is, Mr. Byrne. The two are not necessarily inconsistent. This method the Wheat Board is using now is a way of balancing out the quotas. After they are in balance, probably the adjustment that Mr. Wesson is looking for could then be made. This is a record at all times. It does not have to be balanced every day, but over a period if you find that this method of quotas has been unfair to one elevator system, that can be balanced up, probably without disturbing the overall quotas too much.

Mr. BYRNE: Is it not fair to say that people who are actually owners of the elevator system under this present condition where there is a large surplus would be more likely to agitate for a different system than those people who are delivering to a line elevator and feel that the line elevator companies can run their businesses? That is, to determine where the cars come from and so on, people who are used to organization and running their affairs might be inclined to say, "We can improve on this situation and get rid of our grain"?

The WITNESS: I think that I should make this clear, that any system of changing the allocation of cars between elevators at a point, cycle or other basis, does not bring any more cars to that point, but when the cars arrive there they divide out differently, or there would be differences under the cycle that we are proposing. In some cases the United Grain Growers may have the biggest share; sometimes it may be the pool, and sometimes the federal would have more.

By Mr. Castleden:

Q. A portion of the trouble, I think, can be shown by the fact that your deliveries last year were 214 million, approximately?—A. Just over.

Q. On that you paid a patronage dividend of approximately three cents a bushel?—A. Cash and credit.

Q. But had free deliveries been in operation, you have every reason to believe you would have had another 50 or 60 million bushels?—A. No, not that much. Can I answer you now?

Q. I was wondering if those figures are right.—A. Let me interrupt you. You may be predicating your argument on a wrong basis. If we handled 45 per cent that we had last year and operating with, say, 50 per cent over the five years on our record from 1945 to 1950, then it means that if the farmers could have had the free movement they would have put in six per cent more. Six per cent on 474 million is about another 27 million bushels.

Q. The figures you gave me were for 43 per cent. That is to date this year?—A. Yes.

Q. Last year your handlings were?—A. 45%.

Q. And in the free movement period that was?—A. 51%.

Q. Then they were compelled to deliver grain to other elevator companies?—A. Yes.

Q. As a result of their deliveries to other elevator companies, they have lost the patronage dividends on whatever they were compelled to deliver to other elevators?—A. Yes, but some elevator companies pay a patronage dividend.

Q. Part of the grievance of the pool elevators and the members of the pool is that although they own their own elevator they are not allowed to deliver to it and have to deliver to other elevators. The injustice is that they are not allowed to have the patronage allowance which would have accrued to them had they been able to deliver to their own elevator. Have you facilities to handle 250 million bushels if the grain had been delivered?—A. Providing we had the cars to move it.

By Mr. Argue:

Q. Was the 214 million figure the whole handling of wheat in Saskatchewan?—A. No. That is our own handlings.

Q. How many points in Saskatchewan were on the car order book system when it was removed last fall, approximately?—A. About 200.

Q. And of the 200 on the system how many got there because of action by the pool in order to get better distribution of boxcars?—A. The farmers, not the pool?

Q. Pool members.—A. Yes.

Q. Would it be fair to say almost without exception?—A. Yes.

Q. The car order book was put into effect by pool members hoping to use it as a method of box car distribution?—A. Yes.

The CHAIRMAN: Does that complete the questioning?

The WITNESS: When I was dealing with the questions I overlooked the last page of the document I was speaking from, dealing with diversion to mills and to terminals and to Churchill. Because of the explosion which occurred last year we had to divert to other terminals 44 million bushels of grain. We diverted 40 per cent of all the cars that we took in last year to mills or terminals and this is the financial result; We collected from other terminals, at the lakehead, \$725,000; from mills and interior terminals, \$705,000; \$50,000 from Churchill, or a total of \$1,480,000. If the diversions were discontinued, the Saskatchewan Wheat Pool would have that loss in revenue and the farmer would have gained nothing.

By Mr. Studer:

Q. Mr. Wesson, I think there is cause for worry and for dissention in thinking among wheat growers in western Canada in something so vital to them as the handling of grain. There is no difference in thinking in respect

to the allocation of boxcars. I think everyone is agreed in searching for the solution to that, but there is a diversion in thinking in regard to overages and in regard to diversion charges, and one would think that the pool organization having about 50 per cent of the farmers as their membership—A. How much?

Q. What is the actual percentage of farmers in the pool membership?—A. I understand there are only 112,000 farmers in Saskatchewan and we have over 100,000.

Q. It appears as though I did not go to school, but however, it would appear that the farmers themselves having 28 years association with their own organization should be aware of the situation to a much larger extent than they are, so much so that it would appear to me incomprehensible that we should have organizations presenting just the opposite view to the organization representing farmers. One would imagine that there would be more unity among them and I think we should have this unity which is essential, and which I am more than worried about in Western Canada. Have you any suggestions to offer as to how we could obtain more of it so that a complete understanding of the situation would exist out in our country?—A. I do not want to stick my neck out, but I do want to say this to you: in all the meetings of 8,000 pool members held last year no resolutions supporting these changes came from them. Now, if other people want to give different views for changes, we cannot help it. We tell our people the basis of our views on 28 years experience.

By Mr. Harrison:

Q. Mr. Wesson, yesterday there was a suggestion made that possibly each of the farmers should elect what elevator they wished to deliver to. In other words, we would have a yearly election on that matter. Have you any comments to make on that system of doing business?—A. Well, I am so eager that something shall be done to change this system of car distribution, that I am not too eager to criticize anything. I do not disagree with what Mr. Brownlee said that there would be a lot of competition in the country. There is that risk. A lot of our people have been in favour of that principle, not the majority, but a lot of them have. Let me make this quite clear; you cannot get these things done unless there is some degree of unanimity, at least amongst the three pools, and I will say that while all might not agree to the operation of a cycle, as far as we are concerned, it has been approved by our delegates within the last two or three weeks, and we think it is the best plan we can think of at the present time.

By Mr. Mang:

Q. Would you have any idea, Mr. Wesson, as to the bushelage of non-pool member's wheat that would be going through our pool facilities?—A. I announced that before. I said that last year on over 214 millions, 96.75 per cent of all the grain belonged to pool members, and 3.25 to farmers who did not belong to the pool.

MR. ARGUE: Mr. Chairman, as one of the members that has given a good deal of thought of a better method of boxcar distribution, and as one member who decided that the election method was probably the best method, I want to say that as Mr. Wesson and Mr. Plumer said you have to find some method of agreement and if you are going to try some new system there is going to have to be some give and take or you will never arrive at a method. For trial purposes, and as one who proposed and supported this method as being a better method, I want to say as far as I am concerned if some car cycle method should be arrived at, that is likely to be, as has been suggested, an improvement on the present method, and I will be quite pleased to see such

a compromise proposal in operation. Then we can all take a look at it and see how it works and hope that it will work in the best interests of the producers of all kinds, pool and non-pool producers, and I think Mr. Wesson will agree after it is in operation if there is any way in which it can be improved then some thought can be given to it. But, I do not think that it is quite right to try to weigh one idea against another idea, because everybody concerned with this problem has had different ideas and different thoughts on it.

By Mr. Weselak:

Q. Would Mr. Wesson express an opinion on this: that the Wheat Board should allocate to the various companies according to the percentage of handlings over a certain cycle period. Would that be an acceptable solution?—
A. I understand that it was suggested this morning that the Wheat Board start a system which somebody called a car cycle. My opinion is that I doubt if the Wheat Board would want to be responsible for operating the cycle. They have a big enough job to market grain. The only reason why they allocate to these points at the present time is to give everybody a chance to handle up to 5 bushels an acre. I think just as soon as you accomplish equality of all these points this policy will cease.

The CHAIRMAN: I think that completes the evidence now, and we thank you for your co-operation. I would like now to call on the Manitoba Association, Mr. Bill Parker.

Gentlemen, Mr. Bill Parker of the Manitoba Pool Elevator Association, Mr. Parker.

Mr. Bill Parker, President, Manitoba Pool Elevator Association, called:

The WITNESS: Mr. Chairman, and gentlemen, first let me say that I have not prepared any formal brief. I just propose to enlarge or amplify on two or three of the more important things that were said because I feel the committee's patience may have been pressed.

I would like to thank you, Mr. Chairman, for advising me of the fact that the committee was sitting and if we wished to make a presentation it would be in order for us to do so. I replied that I would be here and if I thought it was desirable I would ask the privilege of meeting with your committee. I told you last Wednesday that having listened to the discussion so far that I thought it was advisable in the interests of the Manitoba Pool Farmers that I make some kind of a statement.

I think first, if you would bear with me, I would like to explain the set-up of the Manitoba Pool. I do this deliberately because it has some relationship to some of the remarks I may make later. It is entirely different to the set-up of the other three farm organizations or any of the Northwest Line Elevator Companies. We have 209 local incorporated elevator associations in Manitoba. They are incorporated under section 7 of the Manitoba Companies Act and they are completely autonomous as such. Each association has a local board which is elected each and every year, a board of seven. The Province is divided into seven geographical districts comprising about 30 associations in each and each of these geographical districts has one member on the provincial board which member is elected at the annual meeting of the Provincial organization in each and every year. The bylaws were changed a year ago to provide that the provincial board shall be elected for a term of two years, and three members elected one year, and four members the succeeding year to give some continuity. Only those associations in the geographical district may vote to elect the provincial board member.

I said that the local was autonomous and I mean by that that it is a legal entity. The head office, of which I am now incidentally the president, is the *agent* of the local legally and in every sense of the word. We cannot build an elevator, repair the driveway or do anything to the local elevator without the express authorization by formal resolution on the minutes of the local board. If we do otherwise we get our ears pinned back.

In the event that we have troubles in any shape or form we must settle it with the local board. We may not build an annex or a new elevator, increase or enlarge the bin space, except on the authority of the local because the local must eventually pay for it. They are owned locally and must be fully paid for by the local association. They are associated in a voluntary agreement which provides for a head office which is an agent of the local, and we (Head Office) in their name provide terminal services. I want to emphasize this, because I think it is a very important situation in Manitoba. It is peculiar to Manitoba. I do not like comparisons, because we can misinterpret them. I am not even suggesting that that kind of a situation would be suitable in Alberta or Saskatchewan, but it has worked particularly well in Manitoba because anything that happens in the grain business of overages or shortages or grade gains or losses, stay right at the local point, and it is the local board's responsibility to see that business is conducted satisfactorily to the people at that local. They are entirely separate and distinct one from the other. 209 associations with 7 elected board members. 7 times 209 gives you 1463 elected representatives in the country.

By Mr. Blackmore:

Q. These are all exclusively grain handling organizations?—A. Yes, sir, with this modification. Some of them handle a little bit of coal and associated with them we operate a co-operative livestock department, but it has nothing to do particularly with the individual local.

By Mr. Pommer:

Q. You said there are 7 geographical districts. How many members are there?—A. There are 209 associations—210 today—about 30 in each district. The total active membership is approximately 33,000 who are actively participants delivering grain to pool elevators as such. I do not know the exact figures, but I would estimate for the province as a whole that of all those who deliver grain, better than 98 per cent are actually members. There are no restrictions. You deliver grain, sign an application and pay a nominal fee to be a member.

In my opinion, gentlemen, this is off the subject matter perhaps slightly, but I suggest to you that local ownership, with local control and with local responsibility, develops a sense of citizenship responsibility in the grain business that cannot be obtained in any other way. I would like to emphasize that point very strongly because I feel we have built into this organization through its membership, and because of its local ownership, a degree of knowledge of the grain business that never existed before in Manitoba.

Now I wish today, Mr. Chairman, to speak not as president of the Pool, but rather as one of these local board members, 1400 of them, and through them I speak for the membership in the country.

I do not know whether you can draw that distinction in your mind but I wish you would try to do so because I do not want to create the impression that what I say about the grain business, is intended to influence your thinking at all with respect to the corporation.

I am thinking only of the farmers themselves because this is their outfit. I am merely their spokesman as of today and I believe they would want me to put some of this information on the record.

The conditions of delivering grain today are quite different from what they were 10 or 15 years ago. There is no comparison. With the advent of the combine, the good roads, the number of trucks, you have a great pressure on delivery. I remind you of this because the agents, I believe, are the people who have the most difficult job to do in the elevator business.

The agent is under extreme pressure all through this thing. He is expected to be a technical grain man, and to receive, grade, bin, and ship the grain. And he is also expected to be a public relations man, by all the farmers living in the area; and he is subject to pressure by every individual delivering grain because they all want the best grade they can get for their grain.

We have taken in 20,000 bushels through one agent at one elevator on one day. Anything from 50 to 125 loads is not uncommon, when there is space to receive it.

Under those conditions, when there are ten to 15 trucks waiting out there with grain, we expect the man to weigh the grain accurately, and write out the ticket and take a sample—if the farmer wants a cash ticket, he is expected to grade it and dock it; if any of you think you can make good and bring the elevator out correctly at the end of the year, I suggest that we give you a job for a year to see what you can do.

Mr. ARGUE: At \$10,000 a year?

The WITNESS: We will not pay you \$10,000 a year. I do not think there would be any takers around this table even at \$10,000. I think it would be a question if any of you are worth \$2,000, and I say that respectfully.

Now, as to overages and shortages, in the days I have been sitting here I deplored what I sensed was an atmosphere in the committee room that the Board of Grain Commissioners were always on the defensive in respect to overages. I seemed to feel that some had condemned the companies and considered them guilty before they had heard all the evidence. I may be wrong in that assumption. I am not referring to anyone particularly.

Mr. ARGUE: Mr. Chairman, on a point of order; with great respect I do not think that Mr. Parker is the man to cast any reflection on any member of this committee. I can remember one or two years ago when a certain person began to cast aspersions which I think were much stronger than anything the witness might have said today; and when the point was raised, it was dropped right there.

The CHAIRMAN: All right.

Mr. ARGUE: I do not think that Mr. Parker meant to reflect on anyone. All of us have certain duties to perform and we attempt to perform them as best we can, although we may err at times.

The CHAIRMAN: I am sure that Mr. Parker did not have that in mind at all.

The WITNESS: It was not meant that way, Mr. Chairman, and I can assure Mr. Argue that is true. Incidentally, they are not all present today who made representations to this committee.

Mr. ARGUE: That is right.

Mr. HARKNESS: If that was the general impression which Mr. Parker got, I do not see any reason why he should not tell us about it.

Mr. CHAIRMAN: That is right.

Mr. HARKNESS: What we want is a frank witness.

Mr. CHAIRMAN: That is right. Please carry on.

The WITNESS: Let me say that I think in calling it overages, in my opinion that is largely a misnomer; it is not necessarily "overages" in the sense that it is something stolen off the scales or acquired by excess dockage.

It has been pointed out that in the cleaning of grain you may have flax containing 1 or 2 per cent of wheat and that becomes wheat overage when removed. It was dockage in the flax. There are many ways in both country and terminal elevators by which you can accumulate a net overage without having over-docked in any shape or form, and without having made any mistake on the scales. I would like to emphasize that because basically, I feel that the country elevator agents are just as honest as the average person we find any place in Canada, and the vast majority of them are very good citizens.

There may be the odd one who goes wrong, but the bonding company will get him; and I am satisfied that they are trying to do a good job. I resent the implication which was made here in a submission that the employee is only carrying out the instructions of the company.

There can only be one inference from that statement and so far as the Manitoba pool is concerned. I categorically deny it, and I ask anyone to prove the statement. He is at perfect liberty to see our books. Now, in respect to overages, the Manitoba pool records are not any better or any worse than the average, and they are worse than a lot of them.

If you would like to have the total figures I might say that in the 1951-52 crop which was a particularly wet one in our province, you will find that the overage was disturbing and I was not at all surprised when the Board of Grain Commissioners made very pertinent enquiries about it.

I would like to read into the record part of a letter which we prepared after a very thorough review of the situation, as to what, in our opinion,—and we are still satisfied, sir—accounted for that particular overage; because in that year, you will remember, there was excess shrinkage allowed for tough and damp. In 20 years we had not had any damp grain in any quantity but that year we got a lot of it. We were satisfied that the extra shrinkage permitted that year and the next year, over and above the shrinkage allowed for dry grain largely accounted for our gross overage at the end of the year.

Here is the situation in 1950-51. This letter was sent to the Board of Grain Commissioners in May of 1952. I only want to quote one paragraph as follows:

Based on Wheat Board figures, Manitoba Pool Elevators handled 5.4 per cent of the western Canadian wheat crop but 36.6 per cent of the tough and damp wheat. We handled 12.6 per cent of all oats but 34.2 per cent of the toughs and damps. We received 20.2 per cent of the barley crop but 76.1 per cent of all damp and tough barley. In total, we handled in excess of 23 million bushels of damp and tough grain during that crop year.

I do not mind saying that the general-manager and I were more than a little disturbed when we saw the figures because we had agents with a very very high overage who had never done so before. It was only after a very long and close study of our records that we were compelled to come to the conclusion that shrinkage allowance on tough and damp was the main contributing factor. I am still quite satisfied that our conclusion is correct in respect to that particular year.

I would like to mention two or three particular points and if you want me to I will name them. I think that this will answer one of your questions, Mr. Argue. We come to the individual elevator "cut-off", which is an audit of the stocks received, shipped, and still in storage at the end of the year under review in a particular elevator. We do not give it to the public. However, we do provide this information and it is left with every secretary of the Manitoba pool locals; you can find it in their minute books, showing the bushels over or under in each particular year, also grade gains or grade losses.

Mr. ARGUE: It is supplied to the membership at the annual meeting?

The WITNESS: Yes, but we never disclose it to anyone else. Here is one station in 1948-49, "Benita", and it had .086 per cent shortage; in 1949-50, it had .210 per cent shortage. In 1950-51 it had .467 per cent of an overage in the gross, which is too much. Here is another one, with an overage of .28 per cent in 1948-49; but the next year it had a shortage of .168 per cent and the following year an overage of .632 per cent.

I think there are two others which I would like to give because there was a very large increase in the gross overage in that particular year, and in some measure the same pattern prevailed in the 1951-52 year—another of wet grain.

Another elevator had a shortage in 1948-49 of .103 per cent; and a shortage of .022 per cent in the next year, and in the wet year 1950-51 it showed .672 per cent overage.

Here is one with .6% of a shortage in 1948-49; and .713% of a shortage in the next year; and .7% of an overage in 1950-51. I refer to these to indicate the pattern. I am not making any excuse and I am not excusing the agents. But I think it should be understood that many of them has never seen any wet or tough grain before. The unusual condition was a new experience for all.

I advised farmers over the radio, to tresh it, and that the Manitoba Pool would never refuse to take tough or damp grain, provided there was space in the house, and we never did. The plan was to let the local community take the loss, but not to deny the individual the right to sell his grain if there was space to take it in.

I am satisfied that the line companies could not do it in the same way. We were leaving responsibility of any losses at the local level. I put these figures on the record to explain in some measure how the overage in that particular year occurred. It was reported in the House of Commons and looked to be out of line.

Mr. ARGUE: If it was an overage, it went back to the people in the exact community where it occurred.

The WITNESS: It stayed in the community; it stayed at home but did not necessarily go to the same people.

Now I would like to say a word or two about the 1952-53 situation.

In looking at the percentages of overages or shortages in the whole line of elevators, you will see that some of the elevators are not weighed up, so the percentage figure does not mean a thing. It may indicate a trend, but percentage-wise it is not accurate and very definitely so. Furthermore, if you do not weigh an elevator for two or three years—and we still have them not weighed for three years—and when you come to weigh it you may find an accumulation of overages over these years, which I maintain cannot be expressed as a true percentage on a single year's "handle".

In respect of 1952-53 that Mr. McKenzie mentioned one day last week, I would like to give you the results of 104 elevators which were weighed up in 1951-52 in June or July, and which were weighed again last summer in late May, June, or July. This particular picture is exactly what happened between those two periods. Of the 104 elevators, 57 showed gross overages and 47 revealed gross shortages. I shall express the gross handling in pounds, because all grains are involved. The gross handle, in pounds, was 13,446,000 cwt. That represents approximately 215,000 loads of grain of 125 bushels each delivered to 104 elevators, 104 agents. The combined net overage, which is the one that produces the dollars, is 36,725 cwt. That equals 11.6 pounds per load of 125 bushels. I suggest respectfully that that is a reasonably good picture. That is the only one of our figures that is

worth anything to you or the Board of Grain Commissioners. I think that is clear, Mr. Chairman. The elevators were weighed completely in 1951-52 and 1952-53. So this is a net cut-off on the basis of a handle for that particular period; and those were all of our elevators that were weighed on those two occasions. When you mix in the figures of our other elevators. I do not think that they will prove anything. We have some that have not been weighed for two years, and the odd one that has not been for three years. I think we should examine closely the record of the organization or the company in respect to how frequently they have been weighed and whether or not they have all been weighed before we draw any conclusions from the percentages that have been presented.

Now, in respect to grade gains, I would be extremely disappointed, Mr. Chairman, if many of our agents—and we handled an average of 240,000 bushels a house last year—with handles like we have in Manitoba Pool and with grain like we have in Manitoba, where some of these associations have 12 or 14 grades of wheat, five or six barley, several grades of oats, and one or two of flax and rye, I would be greatly disappointed if they did not have grade gains. I would not figure that they were worth their job if they failed to take full advantage of all opportunities to made money for the farmers. Very obviously, gentlemen, it is possible to take a No. 3 that is on the line, which is almost a No. 2 but not quite, and if that agent has a bunch of No. 2 in the house, he may blend some No. 3 into the No. 2 and thereby gain a grade. This is part of our business. If, on the other hand, we have excessive grade gains or excessive overages with which we are not satisfied or with which the Board of Grain Commissioners are concerned—a complete “cut-off” in detail is taken by the travelling superintendent to a meeting of the Local Board and with the elevator agent, they thresh it out as to how they got this result. The farmer members have to be satisfied as to how the actual results were arrived at. That has been the operating policy of this organization, Mr. Chairman, ever since it started. Now, weight on the scale is one matter—grade is another. I suggest to you respectfully, Mr. Chairman, that dockage is not part of the weight. It may appear like an arguable statement, but dockage is part of the grade. I think that any grade certificate shows the grade, if it is a No. 2, 3 or 4, whatever it may be, with dockage assessed if dockage was present. So it is part of the grade. Now, I think the Board of Grain Commissioners have a great responsibility in determining that the gross overages of any company are not out of line. Generally speaking, there are no excuses for overages in the gross that start to exceed the allowable shrinkage. They should be within it. In the net it is a different matter because you have all the opportunities of blending or moving dockage into lower grade and that sort of thing. But in the grading the dockage determination is the responsibility of the individual farmer, and I would be disappointed, Mr. Chairman, if any of our farmers, in St. Jean for instance, had to have the Board of Grain Commissioners hold their hand in order to see that they get the right dockage. They can see it weighed on the scale; if they are not satisfied with the agents grade and dockage they can send it to the chief inspector, Bd. Grain Commission, and get it checked. I think that is the responsibility of the individual farmer to protect himself, to see that the dockage and the grade are in his opinion satisfactory. It is not something that you can expect the Board of Grain Commissioners to go out and do in every country elevator.

I make no apologies for grade grains in country elevators because we have spent a lot of money, Mr. Chairman, at the express desire of the locals for the purpose of raising grades. We have only 8 Pool shipping points in Manitoba that do not have a cleaner. Those are old elevators in which it would not be worthwhile putting in a cleaner. Every other shipping point has a cleaner. We clean literally tens of thousands of bushels of grain in the country elevator.

If we remove wild oats, buck wheat and cracket wheat from wheat, if there is a possibility of blending some of this into 2 feed oats, it will go in, if the 2 feed oat price is better than the price for screenings. This practice tends to create net overages. The screenings samples come into the head office and a mechanical separation is made and we determine what is in it, and on the basis of that determination we obtain bids. We shipped 125 cars of screenings in 1951-52. We shipped 164 cars in 1952-53 and up until the 1st of May this year we shipped 160 car lots of screenings from the country. Some of those were sold to our own terminal, providing it would pay as good or better price than the feed companies in Winnipeg, and that money belongs to the local. That is the way we justify the use of their cleaner. We have emphasized cleaners in Manitoba probably because our crops are more dirty than anywhere else. They cost us anywhere from \$3,500 to \$4,500 to instal plus upkeep, depreciation, and the labour of operation, and although no one can prove what money they have made I know that the farmers are satisfied and insist on getting that kind of service.

We have specialized, Mr. Chairman, as you know in malting barley and the cleaners are used very greatly in preparing it so that it may be accepted by malting companies for domestic use or export. We, the management, are compelled to put in cleaners whether we like to do it or not, but we do think that it is the proper thing to do.

Now, in respect to building program, this is of interest to the Wheat Board and the Board of Grain Commissioners because in negotiating our handling agreement with the Wheat Board two years ago and again last year they wanted to know very definitely how much space we were building and how much money was being spent. The Board of Grain Commissioners is also interested. Are you maintaining the facilities? Are you building additional space? And that sort of thing. Maintenance of adequate facilities is very important. In the last three years we have built new space in Manitoba in the amount of 4,900,000 odd bushels, almost 5 million. Incidentally it is two bushels to every bushel built by all other companies in the province of Manitoba. We have spent \$3,400,000 odd of new money on that. We got the money by re-investing all the depreciation we were able to recover—and have encouraged the locals to practice payment of accelerated depreciation and pay the income tax because times are good and we like to get debts paid,—and we have made transfers from year end surpluses in the amount of something in excess of \$1½ million in the last four years.

Now, those are the most essential things I wanted to put on the record. I was quite concerned that I should give to you our picture on overages and shortages—and we have a good picture—and our experience and policy with respect to grade losses and grade grains.

The one thing I want to get across is that all these things are laid on the table for the local which is concerned. They always know what it is and they are quite satisfied with the operations.

The CHAIRMAN: Are there any questions?

By Mr. Zaplitny:

Q. You have been able to maintain your percentage of deliveries, but at the same time I also see that you have increased your capacity over the previous year. Does that indicate that actually on the basis of capacity your percentage of handling has dropped?—A. I would say, yes, at a particular point.

Q. What would it be in the over-all, for the whole province?—A. That is a rather academic question, I would not know. All I can say is that if my figures are right, we have only been able to maintain the percentage of handling which we enjoyed before.

That is on the basis of the whole province?—A. That is on the basis of the whole province, and at individual places we have definitely increased our percentage; at others we have lost.

Q. On that question of box car distribution, do you agree that there is a need for a better allocation of box cars?—A. I agree that there is a need, and that the majority of farmers at the pool elevator shipping points—or let me put it this way: the pool members at the shipping points feel that there is a need and that there should be some change made. I am in a little different position to the others in that respect. I said that we have some points where we had an increase in our percentage of handling during the last three years. At this time, they would not want to go back to an established percentage attained in the last five or ten years, excluding the last two.

Q. Would that point not coincide with the places which have enlarged their capacity?—A. Very definitely; there was probably a new elevator where there was an old one before, and that sort of thing.

By Mr. Argue:

Q. If we had another bumper crop, would that not affect it? We have been more congested in Saskatchewan than you have in Manitoba, but if we had another bumper crop and you got anywhere near as congested as we are now, would that not change it?—A. It would accentuate that difficulty of not being able to use your own elevators. But it has not made the same impact on us yet. I feel that we have spent money in very substantial amounts and we have still got to earn it but that was the desire and I may have leaned over too far to generalize. I do not know but I would hope that we would have a distribution which would permit us to enjoy the percentage which I think they would give us if conditions were more free. I wish you did not have quite such a great crop in Saskatchewan so that we could handle our grain.

Let me say this about the car cycle, so far as Manitoba is concerned: on the basis of our percentage figures, so far, such will neither take away cars or give more cars to us.

We are not sure from here in whether we may not stand to lose our percentage because we cannot expect to continue to build as fast. I do not know; but at certain points it will definitely help us because our percentage handling at those points has decreased. I can give you the figures of increased percentage of handling at some other points where we have gained business.

If I say that we want this car cycle at those points where we have spent a lot of money putting in better facilities I would be wrong—I am talking about 209 different companies—and you cannot satisfy them all any more than you can satisfy all your constituents back home. The Manitoba Pool Board believes that the Saskatchewan and Alberta Pools have been discriminated against as organizations in respect to car distribution under these congested conditions. If they can devise a car cycle which would seem to improve their position, we will not object to it, and we would support it and let it go on. But I would hope that for the first year it would leave Manitoba out. We would take our chances. But if it is established in Manitoba, we still would not object. We should consider that this proposal of a car cycle fixes a pattern which at the moment is in some measure undesirable. Admittedly I would think that it is better than what the pools have today, but to freeze it by permanent legislation as it is at any particular point is another matter. I would insist that such regulation be of a temporary character. We want to go out and get our grain by giving service and patronage dividends and all the rest of it; but we will not object if the government decides to make available some kind of a car cycle, which may benefit the other farm organizations, because I repeat that, as we see the picture at the moment, it will not take from us nor give to us, but it will penalize certain associations and it will benefit other associations.

You have a point, Mr. Zaplitny, in which we spent \$100,000 recently. I question if it would have been authorized if we had known a car cycle would be established.

Mr. ZAPLITNY: As a general practice, you would support any system of car allocation that would enable the producer to deliver to an elevator of his choice?

The WITNESS: I would support such a system, with qualifications.

Mr. DINSDALE: We take it from those remarks, Mr. Parker, that Manitoba has not had a congested situation of any undue proportions?

The WITNESS: I do not know. Just because Saskatchewan makes so much noise, it does not mean that Manitoba does not have troubles. In many places in Manitoba there are bad congestions as far as pool elevators are concerned. A year ago—and I think the record will bear me out—there were two bushels per seeded acre more delivered in Saskatchewan and four bushels more in Alberta than in Manitoba, the Wheat Board figures. They did have more deliveries, but they had a bigger crop. I would agree with you, Mr. Dinsdale, with qualifications, that we have congestion, so far as our membership is concerned, but we do not have the over-all congestion that has been experienced in Saskatchewan.

The CHAIRMAN: I think that we had better call it six o'clock, because there are apparently more questions. Perhaps we might finish the witnesses tomorrow. It will have to be tomorrow afternoon at 3.30 in room 430.

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HOUSE OF COMMONS

Government
Publications

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

Respecting

Report of The Board of Grain Commissioners for Canada for the year 1953.

WEDNESDAY, MAY 19, 1954
THURSDAY, MAY 20, 1954

WITNESSES:

Mr. Wm. J. Parker, President, Manitoba Wheat Pool Association;

Mr. Cecil Lamont, President, North-West Line Elevators Association.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954.



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ON
AGRICULTURE AND COLONIZATION

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and
Messrs.

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Castleden,	<i>Guysborough</i>),	Stick,
Charlton,	Lusby,	Studer,
Clark,	MacKenzie,	Tucker,
Decore,	MacLean,	Villeneuve,
Demers,	Mang,	Weselak,
Deslières,	Massé,	White (<i>Middlesex East</i>),
Diefenbaker,	Matheson,	White (<i>Waterloo South</i>),
Dinsdale,	McBain,	Wyllie,
Fontaine,	McCubbin,	Yuill,
	McLeod,	Zaplitny—60.

(Quorum 20)

E. W. INNES,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, May 19, 1954.

The Standing Committee on Agriculture and Colonization met at 3.30 o'clock p.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Batten, Blackmore, Boucher (*Chateau-quay-Huntingdon-Laprairie*), Byrne, Castleden, Charlton, Dinsdale, Forgie, Gingras, Harkness, Johnson (*Kindersley*), Jutras, MacKenzie, Mang, Massé, Matheson, McCubbin, McLeod, Pommer, Purdy, Roberge, Schneider, Stanton, Stick, Studer, Tucker, Weselak, White (*Middlesex East*), White (*Waterloo South*), Yuill, and Zaplitny.

In attendance: The Rt. Hon. C. D. Howe, Minister of Trade and Commerce. *From the Manitoba Wheat Pool Association:* Mr. Wm. J. Parker, President. *From Northwest Line Elevators Association:* Mr. Cecil Lamont, President; Mr. F. M. Ross, Consultant and Retired General-Manager, Eastern Terminal Elevator Co. Ltd.

Agreed,—That information received, by the Chairman from The Canadian Wheat Board be printed as an Appendix to this day's evidence. (*See Appendix "A"*).

Mr. Parker was further questioned regarding the statement that he presented on Tuesday.

The witness was thanked and retired.

Mr. Cecil Lamont presented a statement on behalf of the Northwest Line Elevators Association.

He referred to and tabled statistics regarding the handling of grain by certain elevator companies.

The examination of Mr. Lamont continuing, at 5.45 o'clock p.m. the Committee adjourned until 11.00 o'clock a.m., Thursday, May 20.

THURSDAY, May 20, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Anderson, Argue, Blackmore, Byrne, Castleden, Charlton, Deslières, Fontaine, Gingras, Gour (*Russell*), Harrison, Huffman, Johnson (*Kindersley*), Jutras, Mang, Massé, McLeod, Pommer, Purdy, Schneider, Stanton, Studer.

In attendance: *From the North-West Line Elevators Association:* Mr. Cecil Lamont, President; Mr. F. M. Ross, Consultant and Retired General-Manager, Eastern Terminal Elevator Co. Ltd.

Mr. Lamont resumed the presentation of a statement on behalf of the North-West Line Elevators Association.

The witness filed a series of graphs and tables relating to Country Elevator operations since 1939.

Agreed,—That three documents tabled by the witness, relating to *Storage Rates (as at July 31)*, *Elevator Charges* and *Cleaning Charges* of Terminal Elevators, be printed as an Appendix to this day's evidence. (*See Appendix "B"*).

At 1.00 o'clock p.m., the Committee adjourned until 8.30 o'clock p.m. this day.

EVENING SITTING

The Committee resumed at 8.30 o'clock p.m., the Chairman, Mr. René N. Jutras, presiding.

Members present: Messrs. Argue, Batten, Blackmore, Byrne, Castleden, Deslières, Forgie, Gingras, Gour (*Russell*), Harrison, Huffman, Johnson (*Kindersley*), Jutras, Mang, Massé, Matheson, McLeod, Pommer, Purdy, Roberge, Schneider, Stanton, Studer, Tucker, Weselak, White (*Middlesex East*), and Yuill.

In attendance: The Rt. Hon. C. D. Howe, Minister of Trade and Commerce. *From the North-West Line Elevators Association:* Mr. Cecil Lamont, President; Mr. F. M. Ross, Consultant and Retired General-Manager, Eastern Terminal Elevator Co. Ltd.

The Committee completed the questioning of Mr. Lamont and he was retired.

The Committee reverted to a detailed consideration of the Report of the Board of Grain Commissioners for Canada for 1953.

Appendices "A" to "L" inclusive were severally considered and adopted.

The Chairman announced that the Sub-Committee on Agenda and Procedure would be comprised of the following: Messrs. Anderson, Argue, Dinsdale, Jutras, Mang, Pommer, Roberge and Yuill.

At 9.50 o'clock p.m. the Committee adjourned to the call of the Chair.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

MAY 19, 1954
3.30 P.M.

The CHAIRMAN: Order. Before we proceed, I received from the chairman of the Canadian Wheat Board the reply to the question asked by Mr. Harkness on new sales by the Canadian Wheat Board for the period August 1 to January 31 in each crop year from 1946-47 to 1952-53. I have had a few copies made, and the original copy will remain with the clerk of the committee, so that anybody who wishes may consult it. We might have it printed in the record, because it is very brief. There are only six lines.

Mr. JOHNSON (*Kindersley*): Print it.

The CHAIRMAN: Is that agreed?

Agreed.

(*See Appendix A*)

Mr. POMMER: I have a few questions.

The CHAIRMAN: We will go on with the witness that we had yesterday, Mr. Bill Parker. We had reached the question period and we will proceed. Are there any questions?

Mr. Bill Parker, President, Manitoba Pool Elevator Association, recalled:

By Mr. Pommer:

Q. Mr. Chairman, I have a few questions I would like to ask Mr. Parker. No. 1: Do you agree that tens of thousands of farmers have lost confidence in the Board of Grain Commissioners? Should I ask these others, or will you answer this question?—A. I would rather answer each one, if I may. No, I do not agree that that is so, sir. Again, I give you that answer without any evidence. It is merely a personal opinion.

Q. From your own observation?—A. From my own observation, I would say that is not a fact and I speak particularly for Manitoba. If I may, I would like to read two or three resolutions that we had last year in response to requests for information that were sent out to the locals in the country. On February 23, 1953, the farmers' unions of the three provinces made a presentation in Winnipeg to the Board of Grain Commissioners and on the following day they made a presentation to the Wheat Board. These were public presentations. It was given to the press in full and some of us felt that the publicity given to it gave undue emphasis to criticisms, which we felt, rightly or wrongly, were not entirely justified. Having in mind that the farm organizations for 40 years have worked towards the provisions of the Canada Grain Act and have always been interested in its administration, and more recently intensely interested in the operation of the Canadian Wheat Board. Frankly, Mr. Chairman, we were greatly disturbed at the publicity given. We sent these briefs to our locals, asking if they would be good enough to consider them and give us their opinions. We have answers from 80 of the 208 or 209 locals. Those that did not answer, you can make your own interpretation as to their reactions. Four of those associations did support in some measure the contentions or criticisms embodied

in those briefs. Only one supported them unconditionally. Incidentally, that one is an association which had not yet considered an annual report, and their knowledge of the grain business is, to say the least, rather meager. Three of them were older and had been in the business for some time and they did feel there was some justification for some of the criticisms. If I can find it here I would like to read you one or two resolutions, which go for the vast majority that did answer and make comments on the briefs. I suggest, Mr. Chairman, that they were constructive, they were made by people who were in the business 15 to 25 years, who really had some knowledge of both Acts and of the administrative boards in both capacities. This is the answer from the Kronsart association in southeastern Manitoba:

That since the whole tone and content of the two briefs in question tend to weaken confidence in these boards and thus impair their efficiency, and since farmers, through their own organizations, have striven for many years to bring these boards into existence, and since it is evident that they have and are doing a difficult job efficiently, we wish to counteract, in some measure, the adverse influence in the two briefs in question by expressing our full confidence in both the Board of Grain Commissioners and the Canadian Wheat Board.

From the Basswood association in the central western part of the province:

That the arguments contained in the M.F.U. briefs do not represent the views of this board of directors, and that we are pretty well satisfied with the operation of the two boards.

Just one other, from the Fairfax association in the southwestern part of the province:

After a very lengthy study and discussion on the M.F.U. submissions to the Canadian Wheat Board and the Board of Grain Commissioners, this board of directors of Fairfax Co-operative Elevator were of the unanimous opinion that the present Wheat Board and Board of Grain Commissioners are doing a satisfactory job under present conditions. We consider many of the submissions of the M.F.U. are childish and impossible; they are attractive but impractical.

Now, I repeat that those resolutions are representative of all answers received, excepting only four. These answers quoted and others in different language and in different resolutions fairly well indicates the opinion of those who did take the trouble to answer and consider the briefs that were sent out. One unconditionally supported all that was in the briefs; three others supported some parts of the criticism. That, sir, is the best answer I can give you to the question.

The CHAIRMAN: Any further questions?

By Mr. Pommer:

Q. Do the provisions of the Canada Grain Act give the farmers adequate protection in (a) weighing grain, and (b) grading grain; and does the board ever check the company officers as well as the elevator agents?—A. Mr. Chairman, in answer to the last part of the question first, I mentioned particularly yesterday the crop year 1950-51, when our associations almost invariably came up with very big—what we consider indefensible—overages in the gross. I explained that after long checking and after deducting from these gross overages the excess shrinkage allowed on toughs and damps we brought our gross overage to what was a normal pattern. So we came to the conclusion, and still think it is the right one, that the reason was the terrifically wet crop, where we got a disproportionate share of same. The chairman of the Board of Grain Commissioners called me and our general manager, Mr. Steele over to the office. Mr. Vallance was there with Mr. McKenzie, and they made it somewhat uncomfortable for us for an hour or so. That, to my knowledge, Mr. Chairman,

is the only time that they have called me over. I would not say that they have not in other cases called the general manager or assistant manager, but they were very critical at that time, and their complaints were among the reasons why we did such close checking in respect thereto. In respect to adequate protection for weighing and grading, I thought I explained that fairly well yesterday, but looking at the scrip this morning I found that I talked so fast that nobody got it down very well. I apologize to those people trying to record my words, but my pain was greater than theirs, because I worked a long time to straighten it out. As regards the weighing, I think, sir, that your Board of Grain Commissioners under the Canada Grain Act have a very definite responsibility in respect to the gross weights. That is the grain that is weighed in in the gross and the accounting for all that is shipped out, added to the weighover at the end of the year in the gross. These two totals should come out reasonably close. Some elevators will be under and some will be over. I do not think anyone can weigh it accurately, or be expected to. But as I said yesterday, when the gross overage exceeds the allowable shrinkage, then I think there is a question. In my opinion it should always be less than the allowable shrinkage; how much less is debatable. I do not know. But if it exceeds it, then I would suspect that there has been a mistake on the scales, or that the scales have been out of order at some time.

I think all companies follow this procedure. We expect the agents to test the scales every morning to see they are free; they are expected, periodically, to weigh some grain on the front scale and then elevate it and put it on the backscale and check the one against the other. Those are the instructions; and so far as I know all elevator companies operate in the same way. They are told to weigh correctly and dock properly.

I think in respect to the weighing in the gross that there is protection under the Canada Grain Act; and so far as I am aware the board has administered the act in respect thereto in the interest of the farmer.

Now, in respect to grading, the board or the act does not contemplate that there shall be an inspector at every country elevator. Getting correct grade and dockage is the farmer's own responsibility, as I said yesterday; and if he is not satisfied with the grade and the dockage, or if he has any doubts in the world about the dockage, or about the grade, our instructions are never to argue with the farmer. The farmer is always right so far as the elevator agent is concerned. And there are provisions under which he may take a sample which should be representative of the load of grain concerned; and there is a sample box provided for each farmer, and he can get it and put the sample in it and send it to the Board of Grain Commissioner's chief inspector, and his grading is final.

The farmer must exercise some responsibility in respect to his own grades. Surely, he does not expect the government or the board to protect him at every turn.

The act, in my opinion, gives full protection to the individual farmer, provided he reads the act and uses it. So far as our association is concerned, we have spent a lot of time trying to persuade or trying to have the farmers understand what their own personal rights are and that they should exercise them to the full. That is the best answer I can give you.

By Mr. Pommer:

Q. My next question is along the same line and it is: how do you account for the fact that in 1952-53 our gross overage is .04 per cent while your net is .32 per cent? That is a question you have already more or less answered. But perhaps you would like to elaborate on it?—A. I answered that question yesterday.

Q. Yes.—A. But I did not answer it too fully. However, others before me have answered it in some measure. As to the gross, I believe the Board of Grain Commissioners would back me up that this is quite reasonable because it definitely much less than the allowable shrinkage of three-eighth. There can be no question about that. Your question, sir, is: why is our net considerably or significantly higher than the gross?

Let me explain it this way: there may have been some overdocking. I do not know. That is always a question. There has been some underdocking, I am sure of that. But with our cleaners in the country, we clean tens of thousands of bushels of grain, yet we do not ship all the screenings out to be sold to the feedmills or someplace else.

If they have buckwheat, or good wild oats, or cracked wheat, and if they have some No. 2 feed oats, or some No. 1 or No. 2 feed barley which does not contain the maximum dockage allowable under those grades, I would be disappointed if our agents did not put some of this good screenings into these other grain shipments. That is what we built the elevators for and that is what the cleaners are for and that is what the farmers at the particular shipping point expect agents to do, because that is what they are paying them for.

That is not taking anything away from anyone. That simply recognizes the processing of grain according to the act. Such blending must meet the requirements of the Canada Grain Act for that particular grade, and must also satisfy the buyer.

We clean a great amount of seed grain in Manitoba. I would say that $\frac{3}{4}$ of them never take their dockage home. Unfortunately they have not got any livestock. We clean the seed pretty severely and if we clean, let us say, 15,000 to 25,000 bushels of wheat, and only half the dockage is taken home, we obviously have got a lot of small kernels of wheat that can be recleaned in our cleaners, and there is no certainty but it is likely that a lot of it will go back into the wheat and thereby contribute to net overage. And that is true of some of the other grains as well. And I submit in large measure if they accumulate a net overage, then it accumulates in these two ways.

Q. I would like to have Mr. Parker's reaction on the idea of public inquiries. Should the elevator agent be subjected to a public inquiry re overages?—A. My answer to that would be no. I say that, after having told you yesterday that a member can come in to anyone of our organization and the secretary there can show him the overage or shortage, grade gain or grade loss for each of the last twenty-five years or as long as the point has been operating; the information is public property to the members of the organization; but I would regret very much if the Board of Grain Commissioners were to take one of our agents and place him before a public tribunal with the press and everybody there and subject him to cross-examination. He does not have any lawyer with him and he is not an experienced witness and he has no protection.

It is his responsibility to try to explain to the board how he brought out the elevator as he did. Some of those fellows, as I said yesterday, are just as honest as the average person sitting in the Houses of Parliament, so to speak.

Suppose you take a relatively young man who is married with one or two children. As I said yesterday, he is an average Canadian citizen and that is quite good enough for them and for me.

Suppose you take a young fellow starting out in life with a young wife and one or two of a family. He becomes a citizen of the community. But inadvertently perhaps, and absolutely honestly, he comes up with a big overage—what you would call an overage but what I would call, a lot of it, as salvage.

I can show you examples where there are several hundreds of dollars of net in the overage. If you put such a man on the stand without a lawyer—he is confused—he does not know how to answer questions; and if the press is there, then you have blackballed him for life in that community.

No matter what you say afterwards, a lot of people will point their fingers at him, that in some measure he is dishonest. I think that would be particularly unfortunate.

When these boys are called before the Board of Grain Commissioners, some of them will come to us first and ask: "What do we say"? We tell them this: "You go in there and speak the truth, the whole truth and nothing but the truth, as well as you can, and remember that the board is trying to help you to find out how you get into this position; and if you have made a mistake, then for pity's sake, admit it; but do not hold anything back". I would say that it would be unfortunate for him, as an individual, to interfere with him. Secondly, as the chairman mentioned, this is a competitive thing, but I am not particularly afraid of that. However, the competitive angle would be one of the factors that would tend to accentuate or exaggerate the charges made or inferred against him because of the way the house came out.

Most of those fellows are absolutely honest. Some may have made a mistake, but nine times out of ten what you might call overage is nothing but an honest, legitimate operation which does not penalize the farmer. It is all part of the operation of the system in Canada to process grain and to satisfy the ultimate consumer. And in my opinion, elevators and terminals are in some measure processing institutions or organizations. You have got to blend the grain; it has to be blended physically in order to consolidate grades and so prepare it for market according to the statutory standards. Does that answer your question?—Q. Thank you, yes.

Mr. DINSDALE: Mr. Parker, I presume that your company maintain a supervising staff. How frequent an inspection do they carry out?

The WITNESS: Well, we have 262 elevators.

The CHAIRMAN: A little louder.

The WITNESS: 262 elevators, about 18 million bushels capacity in the country, and we employ 10 travelling superintendents. Those travelling superintendents have all had considerable experience in country elevators. That is the first requirement. The next is that they must be able to get men to work with them and at the same time for them. They are expected to visit those elevators as frequently as time will permit to check the way the man is grading the grain, check his scales, both front and back, check his stocks in the house, confer with him as to how he may clean and raise the grade of stuff that is in the house or how he may blend grades in order to effect grade promotions. It is a technical inspection. It is a technical service of an advisory nature, and he in turn has the support of the manager or assistant manager in the head office, the divisional superintendents and, as far as we are concerned, what we consider a very efficient inspection service which is always at their service. Does that answer that question?

Mr. DINSDALE: Yes.

By Mr. Argue:

Q. Mr. Parker, you explained to us yesterday, or at the last session, the way in which your co-operative elevator is set up, somewhat different from the other pools, in that you have local autonomy to quite an extent, local ownership, and you explained to us how you thought a big overage had at one time resulted. When an overage results, because of certain grades predominating and so forth, in regard to the grain in a community, the overage goes back not necessarily to the exact person from whom it was taken, but it comes out of a community of members and the overage is returned to the same community of members?—A. That is correct.

Q. Would you agree that that is just about the best possible way to deal with overages?—A. Well, of course, I think so, because it happens to be our setup. I do not want to say that as a criticism of any other elevator company.

It happens to be the way the Manitoba Pool is set up. I prefaced my remarks yesterday, you will remember, Mr. Argue, by saying that I did not emphasize our particular local setup for the purpose of drawing any unfortunate comparisons with anyone else. It happens to be the way we are set up in Manitoba, and it works in Manitoba. I also said that I am not sure it would work in Saskatchewan and Alberta. These Manitoba associations have to meet their financial commitments. If they cannot pay their depreciation we will postpone it, but we keep on adding the interest on capital until they pay that. I do not think we could afford to go into some point where there is not enough grain to justify an elevator. You have a line operation in other companies and you get into points where an elevator is not economic.

Q. In regard to the overage, if there is an overage or a shortage or if the elevator agent does not open the door when the board of directors who are farmer members on a local basis think he should, they are right there on the spot to deal with the agent in regard to the overages or anything else?—A. That is correct.

Q. They say, "This is fine, we understand everything about it", or they say, "Perhaps it is a little high, and you have to do something else." You in Manitoba, whether your system is as good as anybody else's system or better, think that in your opinion it is a satisfactory method?—A. Yes.

Q. Of dealing with the problem of overages when overages do occur?—A. That is correct, and that is, I emphasize, the setup, because I wanted this committee to understand that our people were satisfied, because they know all about it and overages stayed at home.

Q. I can understand why there would be no issue if an elevator company of which I was a member, where I did my business, had an overage, and that overage stayed there. I can understand that easily, because the same thing happens in a co-operative merchandising store to a smaller extent.—A. You understand the shortages and grade losses stayed there too.

Q. Everything stays there, the good and the bad. In spite of this satisfactory method that you have to deal with overages and shortages and many other problems, is it not right that your board of directors as a general policy says to its member elevator associations and the agents, "The best thing you can do is take correct weights, correct dockage, and make correct grades"?—A. That is positively correct.

By Mr. Studer:

Q. You were talking about supervision, and I think you said that you have about 9 superintendents?—A. 9 or 10, I have forgotten.

Q. They make periodic inspections of your elevators and have discussions with your agents. Do they appear at an elevator unannounced?—A. Oh, yes, absolutely.

Q. The elevator agent never knows when to expect the superintendent?—A. You said "never"; I would not say that.

Q. Is that the usual procedure?—A. The usual procedure. The elevator agent does not know when he is coming. That is right.

Mr. WESELAKE: The statement was made before this committee by one of the other witnesses that refuse screenings were being passed off on the eastern feeders.

The CHAIRMAN: We cannot hear you at this end. It seems that we people from Manitoba speak awfully fast. I apologize for having to interrupt.

Mr. WESELAKE: Apparently a considerable amount of these screenings come from Manitoba. A statement was also made that, as a result of the effort of the farm unions, a measure was brought about whereby the eastern consumer could buy direct from the western producer. Could you comment on that?

The WITNESS: So far as the last point is concerned, there has been no change in the operating policy since it started. The eastern feeder can always buy direct from the western producer so long as it is weighed through an elevator and the producer sells it to the wheat board and then buys it back from the board, because it is part of a pool. He gets a participation certificate. There has been no change. I think the farmers' union did not understand how it can be done, but it has always been available. When the eastern buyer makes his purchase he has to provide for shipment and has to trace the car if it gets lost. He has to apply to Mr. Gardiner to get his freight refund or subsidy. He does not get all this service for nothing. Someone has to pay for telephones, telegrams and that sort of thing. My opinion is that there will not be much more so called direct buying than there has been in the past. Most of those that buy in individual carloads will probably prefer to get it from the terminal where all black seeds which are not permitted to be shipped into eastern Canada have been removed. If an eastern buyer buys direct in this manner, he must accept the country elevator weight, which may not be as accurate as weights from the terminal.

There are many good reasons for going to the terminals, but the other procedure is there if they wish to go to the trouble of getting it that way. We ship a lot of screenings from the country. The figures given the other day were 21 million or 29 million cleaned in Manitoba reported by the Board of Grain Commissioners. We cleaned last year in Manitoba Pool country elevators 10.5 million bushels, for farmers' account. I might say some was seed cleaning, the rest of it would be largely malting barley, cleaned before the farmer sold it, hoping that he could raise the grade so that he could himself, or with his neighbour, make up a carload and obtain the five-cent malting premium. I mentioned yesterday that we specialize in malting barley—not only in growing but in the processing plant and sales. The cleaning is a very important thing in our particular organization. That is not all the cleaning that we do. We do not report to the Board of Grain Commissioners all the cleaning we do for line account. My guess is that we clean two bushels for line account for every one bushel for farmers' account, so that our cleaning work probably involved 25 to 30-odd millions. We do not often ship wheat from the country without putting it over the cleaner, because we think it pays to do so. The other companies do not agree, but that is their business. I am just talking about what we are doing.

A great accumulation of screenings accrues of course at the terminals because there the grain must finally be cleaned and grades consolidated to meet the grade standards established. It is quite possible, and we often do recover from the dockage cleaned out of high grade grain heavy wild oats, buckwheat, and cracked grains of all kinds, which may be added in limited quantities to certain grades of oats and barley. But you must understand that even these lower grades of feed grains have a definite maximum quantity of foreign matter which is permitted in such statutory grade, and also that shipments from the terminals are graded out by government inspectors.

I think it was explained by the Board of Grain Commissioners the other day that only two or three cars of refuse screenings were shipped to any place in eastern Canada. The departments in the province concerned knew about them. You can take it from me that we do not ship refuse screenings to eastern feed mills or feeders. If eastern feed mills buy screenings, they buy a statutory grade of screenings, No. 1 Feed screenings, No. 2 Feed screenings, and so on, and they are cracked grains, good wild oats, buckwheat and that sort of thing. They have a definite feeding value and the price is in relation to barley or oats. It is at the buyer's option. For all practical purposes refuse screenings are all sold into the United States and not sold in Canada.

Mr. CHARLTON: You made one statement that I can not agree with—"that there is any such thing as good wild oats".

The WITNESS: As wild oats, they are good. Let us put it that way.

The CHAIRMAN: They are relatively good.

By Mr. Charlton:

Q. Mr. Parker made a statement that there has been permission for some time for making direct shipments. You qualified that by saying that the farmer gets it back from the board. It has to go through the board?—A. The farmer producer would have to sell to the board and buy it back from the board.

Q. And then ship it?—A. Yes, at any price he likes and can get.

Q. And what advantage would there be in that?—A. He would not have to put it through the terminals and it would save terminal charges.

Q. You mean, the farmer can buy it back from the board at the country elevator?—A. Yes. He has to get it graded and weighed in order to get it sold. In some way they have to get it through the wheat board's books in order to put him in a position to have a participation certificate, in order to participate in any final payment. The advantages, if there are any, will accrue to the buyer if the seller will save to him the cost of the terminal charges, whatever they may be.

Q. There is a good deal of grain bought now direct from the terminal?—A. Yes.

Q. But I think I pointed out on various occasions the time lapse between the time it is ordered and the time it is delivered. We have always been critical of the time lapse. We did not think it was justified. We thought there was hedging on the part of somebody. You could always get delivery any time you want it from a commission merchant, but if you ordered direct from the board you waited six months.—A. Yes, because you get your name in at the bottom of the "Lake Shippers" list. If you do not use a broker, perhaps it does not move as quickly; I do not know; but you will pardon me if I see that there is a tendency on the part of eastern feeders to delay their purchases until about the time that they want them, and they forget that it is many miles from some places in western Canada to some places in eastern Quebec. There is a disposition to go to the feed mill or local merchant, who should always have it available. The responsibility is on the feed merchants that they should estimate the requirements and keep them on hand.

Q. How long do you suggest it might take?—A. Ask the transport controller.

Q. To deal with the producer and put it through the board, which could account it and ship it from the country elevator, should not be a long procedure?—A. If Mr. Roy Milner will permit the car to be spotted, it could be shipped the next day.

Mr. ARGUE: And if the farmer had a quota?

The WITNESS: Yes, that is the other provision. The farmer must have the necessary quota to permit him to get a carload in. That reservation also applies.

Mr. CHARLTON: Could you as a pool, after having sold that grain to the board, buy it back and sell it to me?

The WITNESS: Yes, but the Manitoba Pool does not do it, because we have not an export department. The Saskatchewan Pool is here, with an efficient export department, and so is the United Grain Growers, and either one of them would be tickled to death to do that. They would have the supplies in public store.

By Mr. Studer:

Q. I think the impression has been definitely left—at least it was with me—that in Saskatchewan it was impossible for an eastern farmer wanting feed to buy that from western Canada and it had to be done through a company that was in the feed business, by eliminating the individual contact or process of the individual buying it direct. I think that is the feeling in Saskatchewan. That is what I believe we were told at some time or other, and I believe it is also what they were thinking in Ontario, that it was impossible to obtain this direct from the producer to the consumer. I am pleased to hear the statement made, that that is possible, and I am glad to have that in evidence.—A. Mr. Studer, it is possible, but you notice that there are many road blocks that make it difficult. Mr. Argue put his finger on one. You have to find a farmer who has a quota that will let him put in 2,000 bushels of oats and barley to make up a carload. He has to have it cleaned. You cannot ship the dirty stuff that you have in Saskatchewan, or in Manitoba without cleaning.

Q. The feeling was that it was not permitted.—A. It is permitted.

Q. That is what I wanted to have cleared up. It is permitted and always has been.

Mr. CHARLTON: It is not permitted direct from the producer in the west to the consumer in the east. It has to go through the Wheat Board.

Mr. STUDER: It is sold back to the producer.

The WITNESS: They buy it back.

The CHAIRMAN: It is a bookkeeping entry, that is all.

By Mr. White (Middlesex East):

Q. How many cars were shipped under that method last year?—A. I would not know.

Q. Were there any?—A. I would not know that.

The CHAIRMAN: I think that the chairman said that there had been a few.

Mr. WHITE (*Middlesex East*): In theory it would work, but in practice it does not.

The CHAIRMAN: That is not quite right.

Mr. ARGUE: It is a difficult theory to operate.

The CHAIRMAN: There are difficulties in the way, as the witness told us, but it is possible.

The WITNESS: There is nothing legally in the statute or in the Wheat Board Act to prevent you from doing it, but if you understand the grain business you cannot just casually phone up and have a car sent along. Somebody has to do some work in arranging this.

Mr. STUDER: It might be very much in evidence if the congestion was not so great.

By Mr. Weselak:

Q. I wonder if Mr. Parker could give us his opinion as to whether under the congested conditions, in such circumstances as when the farmer cannot load the carload himself, his bargaining power is reduced considerably, as far as marketing his grain is concerned.—A. As I understand the question it is: by virtue of the restricted quota, where a man may not have a quota to load on his own, is his bargaining power lessened or curtailed in any way? I do not think so, Mr. Weselak. We encourage in Manitoba, particularly in barley, because there is a five-cent premium for those cars accepted by the malsters, we encourage the farmers collectively to make up a carload so that they may ship it, not as line grain but as their own, so that they get the malting

premium. We have had as many as 12 individual farmers participating in the settlement of one car. There have been 12 individual consignments in one car, but each one got his five cents per bushel for the bit he put into the car. We have always encouraged this practice.

Q. You say that several people contribute to a car. Can they do that with other grain?—A. Yes.

Q. Why then does the Farmers Union ask for an amendment to the Act to provide that a farmer can load a car by himself?—A. I cannot answer for the farmers' union. They never asked us to explain.

Mr. ARGUE: Isn't the reason that farmers in western Canada are not allowed to sell and ship direct to consumers in eastern Canada the fact that if such a thing were allowed at the present time it would undermine the operations of the Canadian Wheat Board and you would have the temptation, when there is congestion, for producers, when they can sell direct over a quota outside the Canadian Wheat Board, to sell their grain at bargain prices? Isn't that the reason it has to go through the Wheat Board?

The WITNESS: Absolutely. You cannot divide the market. That is almost the unanimous opinion in the west. It has to be a Wheat Board operation. That is the only reason for putting it through the Wheat Board's books.

By Mr. Mang:

Q. This is a different topic. You have some 260 local organizations covering grain-producing areas?—A. 209, with 263 elevators.

Q. This has nothing to do with handling or anything of that kind. Let me put it this way. I suppose you get resolutions and opinions from these different locals to your central office from time to time?—A. Yes.

Q. Have you had any requests to press for advances of money for grain stored on the farm in view of the fact that there has been no interim payment and so forth?—A. Within recent weeks or two or three months, no. I must qualify that by saying that I think, if I remember correctly, in the early winter, say in December or late November, there were resolutions pointing out that they thought they might require some assistance by advance payments, or something, but within recent weeks there has been no resolution asking for advances.

By Mr. Dinsdale:

Q. It has been put before this committee that in view of the fact that the Canada Grain Act has not undergone a major revision for some 25 years it might be time to consider a major overhaul. In the light of your experience, Mr. Parker, what would you think of that suggestion?—A. In answer to that question, Mr. Chairman, we—when I say "we", the three pool boards, Saskatchewan, Alberta and ourselves, with Mr. Millican, the solicitor for the Saskatchewan Pool, Mr. Porter, the solicitor for the Alberta Pool, and Mr. Scarth, from Manitoba—have gone over that Act in detail and there is no major change we would recommend. We are quite willing to consider anything that someone else might suggest, but there are no major changes that we consider are necessary or that we would take the initiative in recommending. Does that answer your question?

Q. Partly. What about the problems created by changed methods of harvesting? Can they be taken care of under the Act as it exists?—A. That is car distribution—is that what you mean?

Q. Well, that would be one of the difficulties arising.—A. No, I do not think so. I do not think the Act needs to be changed for that. My personal opinion of that is that this congested period is probably a temporary condition. The next 18 months may show a vast change. We do not expect that we will always have those kinds of crops and experience the present congestion, and

I do not think any company wants any restriction on the number of cars they require or the inducements for soliciting business. So I see no reason for amending the Act in respect thereto. The car order book system is one that the farmer will never give up. Mr. Wesson said yesterday, I think we have always maintained that nothing should supersede it, except as a temporary condition. I do not think that you can embody in any permanent legislation anything to correct something that may be of a temporary character. I cannot give you a better answer than that.

Q. Would you say that the power of the Board of Grain Commissioners to make regulations—perhaps I could have asked this question of the Board of Grain Commissioners—is adequate to cover an emergency such as the present congestion?—A. That is a legal point. We thought from the legal advice we had that the Board of Grain Commissioners had power, if they wish to exercise it, to allocate cars at shipping points between elevator companies, but when it was referred to the Department of Justice here the answer was, “No”, that they did not have the power. Whether the Department of Justice is right or our solicitor is right, I do not know. That is an academic question.

The CHAIRMAN: Now, Mr. Castleden.

By Mr. Castleden:

Q. I just want to ask the witness if the Manitoba Pools endorse the recommendation of the interprovincial pool to the point that they were recommending that a committee be selected to negotiate with the Board of Grain Commissioners for regulations which would allow the producers to deliver grain to the elevators of their own choice?—A. We have a member on that committee.

Q. So you are endorsing it?—A. That is correct.

Q. Does that stem from the fact that you had some instances in Manitoba where the farmers were not able to deliver their grain to the elevators of their choice?—A. We had many places where the farmer could not deliver his grain to the elevator of his choice because of congestion. That is correct.

Q. So you are endorsing this movement along with the other pools from the west?—A. Yes, but with the qualification which I made yesterday, that some of our organizations will not willingly agree to go back to a cycle determined on past history, because in these last three years they have increased their percentage at that particular shipping point and they would reluctantly go back to the pre-established cycle.

Q. Might that not be an indication of weakness in your whole organization?—A. That may be, but it is a practical consideration of which I have to be conscious.

Q. You have no prepared brief for presentation to this committee?—A. No.

Q. What is the reason? Was it lack of notice?—A. No.

MR. STUDER: Mr. Wesson did not have one either.

MR. CASTLEDEN: Yes, but he stated that he did not have sufficient notice.

THE WITNESS: Do you want an answer to the question?

MR. CASTLEDEN: No. I received your answer.

THE CHAIRMAN: I do not think there is any significance; there is no rule or regulation laid down on the making of a presentation.

MR. ARGUE: It is just like reading a speech in the House.

MR. CASTLEDEN: Well, I thought it peculiar that the other groups who appeared here had a brief but this last witness did not have one.

THE WITNESS: We are peculiar, anyway.

By Mr. Weselak:

Q. I wonder if the witness could tell us the percentage of his Manitoba Pool deliveries?—A. It has been running from 47½ per cent to 49½ per cent, in

the last 8 of 10 years. But I do not think those figures are any good because there are many points in Manitoba which are not competitive with the pool.

More significant figures would be those which show the percentages at competitive points. When we are in these alone, then we get 100 per cent; but when we are not alone we do not get anything like that; so if I quoted you the total percentages, it would not mean very much.

However, here are the percentages from July 31, 1946. In 1946 it was 59.12 per cent. These are competitive points only. In 1947, it was 59.93 per cent. In 1948 it was 61.86 per cent. In 1949 it was 59.20 per cent. In 1950 it was 61.80 per cent. In 1951 it was 59.39 per cent. In 1952 it was 60.76 per cent. And in 1953 it was 60.15 per cent. This year up to March 1, 1954 it was 57 per cent, which indicates that our percentage is decreasing. But as I said yesterday, the year is not yet finished and if we have another free movement we will move it back close to 60 per cent, with all due respect to the opposition.

Our percentage has not decreased in the last three years; it has actually moved up slightly. But we have spent an awful lot of money in building about 5 million bushels of space which is equal to about 2 bushels to every one that all other companies built in Manitoba in the last three years.

Q. What would the average be?—A. In some places there is only one in opposition, while in other places there are as many as four. But I think the average would probably be three companies on a shipping point.

By Mr. Dinsdale:

Q. During the discussion of the past few days there has been an indication that the elevators are offering a service to the farmer at a rate which has not changed over the past two decades; and I think there was a suggestion as well that the elevator operators might be making an exorbitant profit. Is it possible to say where your revenue comes from and what your costs are, or is that asking too much?—A. No, I can give you those figures. We have the balance sheets for every one of our 209 locals. At our annual meeting we have one delegate from each one of those organizations and we prepare a consolidated balance sheet for the company in which many items are shown in much more detail than in the case of an ordinary corporation in Canada. Then local association balance sheets and operating statements are made up in very great detail for each one of the locals. From those operating statements we know what it actually costs to run the country elevators.

I will give you the figures, if you will accept them, for a new elevator, one where we are starting from scratch.

The average cost of a 50,000 bushel elevator, two-legged with modern cleaning equipment is \$60,000.

As to the operating cost items, these are just averages.

Salaries for the agent and helper. Sometimes, if it is a smaller elevator he will not need a helper but if it is a bigger one, he may need two or three. The amount is \$3,400.

Bonds on agent, \$15.

Insurance on the building, \$300.

Taxes—that is municipal taxes, \$750. This is for Manitoba and it may not be applicable in some other province.

Power and light; that is mostly power, and mostly hydro in Manitoba now, \$500.

Power consumption will vary in proportion to the bushels handled. I think there is a flat rate and you only pay for the excess.

Fuel for the office, \$60.

Telephone and postage—this is local—\$125.

Repairs and renewals, average \$500. Someone will ask: why should a new house require repairs? But we never built a new house when we did not have to spend something more on it in the very first year. Sometimes major repairs will run to \$7,500 or \$10,000 on the older ones.

Miscellaneous local expense—there are a lot of incidentals spent by the local board, \$750. This is an average again.

Interest on capital loan at 5 per cent is \$3,000. That would decrease annually as they make their way, of course.

Depreciation payments at 5 per cent, which is the rate we use, \$3,000.

And the share of head-office expense, \$3,750, which is, roughly 1½ cents per bushel.

This adds up to a total of \$16,150 as annual operating expenses including the annual payments on the mortgage.

Assuming a handle of 250,000 bushels, that comes to 6.46 cents per bushel; and if they should handle 500,000 bushels, it would be somewhat less, or on the other hand, if they only handled 100,000 bushels, then it would be a lot more.

You ask also: where do we get our revenue?

We get the tariffs, the handling charges, which are negotiated with the wheat Board. This year the rate is 4½ for wheat and barley and 3½ for oats. Rye and flax are on the open market.

In addition we have our storage earning at the rate of 1/35 of a cent per bushel per day for grain in store country elevators. It should be pointed out that Manitoba Pool Elevators' storage earning on all Wheat Board grain in country elevators has always been about one cent a bushel.

One other source of earning for country elevators which is normally expected is one cent to one and a half cents a bushel from grain delivered and processed through our own terminals.

In operating country elevators this last three years, in which we have experienced large crops and, I think, inordinately large handles per elevator, we have experienced an operating cost of between six and seven cents a bushel for country elevators, including depreciation on capital cost.

The Wheat Boarding Handling Agreement provides 4½ cents a bushel for wheat and barley and 3½ cents for oats, so our average in Manitoba Pool Elevators will not exceed 4 cents a bushel. If we add about one cent for storage earning and another cent for possible terminal earnings, we have a gross earning of approximately six cents a bushel. Without any additional earnings, this would not quite pay the operating expenses we experience today.

It should also be recognized that volume of handle is a very important consideration in keeping down the per bushel unit cost of operation. No doubt the large crops in the last three years have been a very important factor in maintaining elevator companies' gross and net revenues.

If somebody is going to take from the elevator companies the merchandising earnings that they make with their cleaners and with respect to legitimate overages and grade promotions, then all I can say is that the farmer is going to have to pay a considerably higher tariff in the first instance because the elevator revenue will be short; and if you deny the elevator companies, including our own as well as all others, the opportunity to process and make earnings out of this grain, not at the expense of the farmer, but necessary processing for market in elevators and terminals—if you deny them this opportunity, they will only do it for a service charge that the government or somebody else may pay; and I suggest to you that it will be a most inefficient service because you will have denied them the opportunity to develop initiative in all these things and Canada will not present to its buyers the quality of grain that is now being presented under the present system.

I think that the management of these units is one of the most important things in Canada, and very definitely so; and I think that the opportunities to make earnings—remembering that you are not stealing them from the farmers—should not be denied to any elevator company. And at the same time the responsibility of the elevator companies, including the Northwest Line and the three pools and the UGG, is to provide an efficient elevator service of modern character. I think that is quite important and it is our responsibility. But please do not hedge and restrict opportunities and so destroy all initiative.

By Mr. Argue:

Q. I have one question: you have told us that you had to perform a number of outside operations in order to make up the 1 cent or $1\frac{1}{2}$ cents or whatever it is that you would be short of, without those other operations. Could you give the committee some indication of how profitable is the building of additional storage on the basis of getting a rate of $1/35$ of a cent per day? —A. Are you talking about annexes?

Q. Yes.—A. Let us leave the elevators out because you have got machinery in there.

Our average cost of annexes within the last three years has run from 30 cents to 43 cents per bushel. Some are balloons and some are cribs. The cribs cost about 10 cents per bushel more than the ordinary balloons. You can figure it just as well as I can. Somebody has said you were a schoolteacher and that you were very good at mathematics.

Q. No, I have to deny that.—A. Well, you have got to get your depreciation and your interest on your money, and your expenses for maintenance and repairs; I do not know how long they will last, whether it be 20 or 25 years, but if the government would guarantee the elevator company full storage over a period of 4 years, I think you would find a lot of annexes built in western Canada and it would prove profitable. But nobody can guarantee that because we do not know what the crops are likely to be.

But I will make this prediction: if in the next 2 or 3 years Saskatchewan and Alberta come up with less than normal crops, we would have a great many annexes in Manitoba which will never have a bushel in them. Our crop will move out as quickly as the elevator can handle the grain.

Q. Do you think that I am trying to make a case at $1/35$ of a cent as being too much?—A. No.

Q. Well, I am not.—A. You said $1/35$ may be too much, but you must remember that the Manitoba pool system a year ago recommended $1/40$ of a cent per bushel with an increase of $1/8$ of a cent per bushel in the operation, and that would have netted us about \$200,000 less revenue in the Manitoba pool. I think that the storage rate is on the high side, but that is a personal opinion.

Q. You said that if the elevator companies could get a guarantee that they could acquire a full revenue for 4 years, that they would build a lot of annexes.—A. It would be profitable, at 40 to 45 cents, to build annexes. Suppose you get 10 cents a year; then in 4 years it is pretty well paid off and you have got its salvage value to offset the interest. But I am not recommending such a policy.

Q. You are recommending a guarantee?—A. No.

Q. It would seem to me that on the same kind of figures—I think you would have to get it on a cost-accounting basis if you transfer the proportion of the cost in the total which you read to the committee to the annexes—it may or may not be practical—but if you considered the annexes which they could build, after you built them as part of your total system up to a given point, then that proportion of the cost of management and depreciation and all

those other costs that you read to us would have to be apportioned to the storage rate, and it would not be, on that basis, nearly as attractive.—A. That is correct.

Q. If you divided up that cost, you might even have to make an extra cent or something more out of the grain that goes through the annexes in order to cover the cost, on a cost-accounting basis?—A. Many of our associations preferred to build more space because of inability to deliver. But we have been reluctant to build as much as we have because eventually it has got to be paid off. We look to the time when we will have little or no storage earnings and when our handlings may not be seventy per cent of what they have been in the last 3 years.

Mr. Brownlee stated that he believed there had been no increase in the general tariffs and storage rates for 20 to 25 years. I agree.

We used to build those elevators for \$20,000. They are better ones today at \$60,000 but not 2½ times better.

Elevator companies have had buoyant income only because we have had excessive handlings for four years.

By Mr. Castleden:

Q. As a co-operative organization, you carry on a service, and any surplus that you make is returned to the farmers or to those with whom you do business, as a patronage dividend?—A. That is right; we have patronage dividend payments which differ from year to year, and have varied from a fraction of a cent to as much as four or five cents per bushel in some associations, which rate of course is unusual and infrequent.

Mr. WESELAK: Would you say with approximately 1,500 people involved in the administration of your system—do you consider that their cost in the operation is high or low?

The WITNESS: No. These local directors do not get any salary. In most instances, the local association pays them only a car allowance for the Board meetings which they attend. All the local secretaries are paid a nominal minimum of twenty-five dollars a year and some associations grant more. The total expense here is indeed very insignificant.

I am satisfied, Mr. Weselak, that our operating statements year by year compare very favourably with those of any and all other companies.

The CHAIRMAN: Does that conclude the evidence from this witness?

Let me thank you very much for your co-operation, Mr. Parker.

The WITNESS: Thank you all very much for your courtesy.

The CHAIRMAN: Now, we shall call the next witness. We have with us Mr. Cecil Lamont, President of the North-West Line Elevators Association, and he is accompanied by Mr. F. M. Ross, of the Eastern Terminal Elevator Company Limited.

Mr. Cecil Lamont, of the North-West Line Elevators Association, called:

The WITNESS: Mr. Chairman and members of the committee, we very much appreciate this opportunity of appearing before you.

When we received the communication from your chairman, we did not quite understand the phraseology of it, but we indicated that we would be down here and available for any information that the committee might desire.

After I got here I asked the chairman as to just what was the meaning of that particular phraseology and he informed me that had he called us before the committee he would have had to pay our expenses down here. So we were

delighted to know that he was looking after the public purse so well. However, if he should require us at any future time and wishes to call us, we would be glad to appear at our own expense.

We have had these problems in the elevator business before us previously when certain statements have been made throughout the country; and in the past it has usually been resolved through the appointment of a royal commission. However, on this occasion you have the opportunity of hearing from the farmer companies and they have dealt very fully and effectively with this question of overages and grade gains and shortages.

I believe it has been about 30 years since the line companies have appeared before the agricultural committee of the House of Commons, so there has been a considerable change in that period of time.

The last time that the elevator trade was fully gone into was by the Turgeon Royal Commission inquiry in 1924 and 1925.

As I have mentioned, this question, and these statements that have been made in the country have been going on for a long time. My earliest recollection of them was by a venerable old gentleman in my old hometown in Melita, Manitoba, about 1909, when I was 7 or 8 years old—his name was Mr. I. T. Lennox, and he was a director of the United Grain Growers. He stated that they were bloodsucking vampires who were operating the elevators.

Now, the language has been refined a little bit since then but the effect of the statement are about the same.

At that time I knew something of the grain business because I used to go down and play in the elevators. My father went out west in 1882 and homesteaded near Melita. He farmed for a time, and as he was a miller by trade and again went into the milling business and operated a flour mill and a couple of elevators on the Estevan Line. I could not imagine my father as a bloodsucking vampire, because, to my recollection, he used to supply any needy person in the community with flour and I think many of those debts are still unpaid.

The other elevator operators—one was Pete Dunbar, and the other was Amos Crossland, were both very fine gentlemen. I figured that it must be some other place where these "bloodsucking vampires" were.

The clock turned a full cycle when I heard the present of the United Grain Growers give his evidence to you in which he concluded with the remark or the expression that a small overage, to which shrinkage gives rise, should not be a matter of concern.

You have heard the president of the Saskatchewan Pool say that surpluses or overages have been exceedingly small and there should be no criticism of the terminals.

And the president of the Alberta Pool stated that before the farmers had their own elevators, they—the farmers—had their suspicions as to how elevators operated, and he concluded: "Now, they have the facts". And he gave you the facts by telling you that overages equal only the equal of a couple of jam tins full out of a one hundred bushel load.

We are very strong competitors of the pool elevator companies and the United Grain Growers, and among our own companies we compete against one another just as strongly as we do against the pools and the U.G.G. We welcome the pool elevator companies in this field, and have done so for a great number of years.

It may interest you gentlemen to know that following the debacle in 1929 when all companies—not only in the grain business but companies which had existed for many generations—went under, and there was a question at that time as to the future of the pool elevator companies.

But at that time we wired the then Prime Minister and urged that the government insure that the ownership of these elevators remained with the farmers. So we are glad to see them as competitors. They are serious competitors but there are no more serious competitor than we are, one against the other, in our own organization.

With these few remarks I shall proceed now to the presentation of our case. We have not a formal brief because when I came down here I did not know just what you might want.

However, I obtained some figures and I have built up some information which, I felt I might be expected to give, Mr. Chairman, I might be able to deal with this very expeditiously while sitting at the table. I find that we do not have the same opportunity of getting out to make speeches at country meetings that our friends do, and I am more used to operating at a table. I will therefore accept the Chairman's invitation to be seated.

The North West Line Elevator Organization is composed of some 20 privately owned or publicly owned elevator companies. If you would like, I would be glad to give a list of the companies to the committee, or if not, I will pass on.

These companies operate a total of 2,737 elevators out of a total of 5,326 elevators operated in western Canada.

The remaining elevators are operated by the three pools and the United Grain Growers.

The subject of the fair and accurate weighing and grading of grain in country elevators is of paramount importance to the managements of all elevator companies. Unquestionably, integrity is one of the prime requisites of a country elevator agent. Before he can be employed, some insurance company must be prepared to stand surety for his integrity and general character. To obtain a bond is possible only for a man with a record and reputation of honesty. It is the custom for Line Elevator Companies, upon engaging an elevator agent, to impress upon him the necessity of honesty and honourable dealings.

Mr. William Rait, the president of the Pioneer Grain Company and also president of the Eastern Terminal Elevator Company had hoped to be down here and to give evidence before the committee. He has been general manager of his company since 1922, which I think might be a record in Canada for length of service as general manager of a large concern. But unfortunately, due to family reasons, ill health in the family, he was not able to come.

This is a form letter to agents which I obtained from the files of an elevator company. Similar letters have been sent to all newly engaged agents since 1922. The first paragraph of the letter deals with the question of salaries and so on, and is of no concern to us. It was sent to the agent at Buffalo Gap and it says:

The grain business is new to you, but we know you will put forth your best efforts in order to learn quickly the operation of the elevator, correct grading of grain, and the best methods of handling it. You are, however, well acquainted in the Buffalo Gap district, and while you will find being acquainted in the district will be of considerable assistance to you, it will also be necessary for you to be well regarded throughout this area as a man of high principles and square dealing.

We make a practice of reminding new agents that they occupy a position of trust, and that a Bond Company guarantees their integrity. Sometimes, through bad habits or bad companions, or both, agents become dishonest in their dealings with the Company and the community they are serving. It is only after they have put themselves beyond the pale

of occupying a position of trust, they appreciate what they have lost, and the stigma and hardship those close to them must suffer as a result.

We have every confidence in you, but we feel by being frank about this matter, we are really doing each new agent a service, since from experience we can appreciate the temptations to which you will be subjected without the counteracting influence of having daily supervision.

You will already know the elevator business is a very competitive, but highly interesting one, and in order to succeed in it, it is necessary for an agent to be on the job at all times, giving quick, efficient service in every possible way to his customers. Your own efforts will greatly assist in the results you are able to produce, and in the final analysis, you will therefore be judged by the efforts you make.

As I say, that letter goes forward to all new agents expressing the importance of honest dealing with their customers.

On this question of overages, there are two letters here, one of which has gone to the agent and the other to the superintendent, in which you will see that the company stresses the giving of honest weights and accurate grading and the taking of accurate dockage. I will be glad to read these if you would like to hear them, and if not, I might file them with the committee for your information.

The CHAIRMAN: We can have them printed, if you like.

The WITNESS:

Circular No. 92

To ALL AGENTS.

Re: Overages

DEAR SIR: The country elevator system of handling grain in western Canada is unique in the service it furnishes to the farmer. It is not sufficiently appreciated that the hallmark of its efficiency is recorded in the fact that, despite the spiral of rising costs with which it has had to contend, it is operating on a basis of charges less than what were in effect forty years ago, with the exception of the handling of special bin grain where a modest increase is in effect. The elevator companies have tremendously increased their facilities for the storing of grain, and the earnings from storage have been a contributing factor in keeping down charges in handling. It is the natural expectation of the companies that this large capital expenditure will be returned to their capital account within the statutory period based upon the rates of depreciation set forth under the income tax act, but unfavourable crop conditions could seriously affect and retard this possibility.

The development of the business of handling grain on a basis unequalled or even approached in any other country has not been without grievances, and one that comes up frequently is gross overages. While this subject has great propaganda value to those who seek to acquire control of farm movements, and figures are taken out of their setting and consequently are given an improper and unfair interpretation, this does not absolve us in any sense from our responsibility to so conduct our business to avoid in so far as possible giving justification for such propaganda. We are allowed the tariff of shrinkage on grain taken into our elevators to protect the elevator agent in his responsibility to the company for the amount of gross weight taken into the elevator, and this shrinkage—no more or less—is what the agent is entitled to by law. If he knowingly takes more, he is acting illegally and dishonestly; and if less, he is not taking the protection given to him

under the Canada Grain Act through the Board of Grain Commissioners. In basing the shrinkage as set by the Board of Grain Commissioners the assumption is that, if the agent sees that his scale is working free, and driveway doors are closed on windy days; is weighing carefully; and sees that his cars are coopered properly, he has the necessary protection in this shrinkage to avoid a gross shortage.

The gross overage can be appreciably increased through extensive use of cleaning facilities and the retaining of the screenings, but so that we can assess this, it is imperative that agents issue cleaning tickets when taking in grain for cleaning, and cancel out when re-delivering the cleaned grain. This is compulsory according to the Act. To agents who have failed in the past to report properly on cleaning, and have not collected the charges, we wish to state that in the future this aspect of business and revenue will be very carefully examined.

Now, you may ask, what is our point of view in regard to net overages. At all times an agent must get his dockage—no more, no less. In the blending or shipping of grain, net overages may arise. At times it is necessary to assess the grade loss incurred in this net dockage overage. A net overage has, in other words, a trading aspect.

Overages arising, therefore, through the retained portion of the shrinkage, plus the dockage aspects already referred to, are perfectly legitimate.

We wish any agent, who may not heretofore have grasped the fact that there is no basis of justification for gross overages in excess of the percentage allowed by the Board of Grain Commissioners, to realize this. Furthermore, as a general rule an appreciable part of this allowance will be exhausted through the causes which are the basis of determining the shrinkage.

We have had many changes and additions to our elevator agents staff in recent years, hence the reason why we are again giving this general but emphatic point of view on the subject, and we trust that all agents will govern themselves accordingly.

Yours truly,
(Signed)
General Manager.

To All Superintendents.

Re: Overages

DEAR SIR: As you are aware, the matter of overages has become an increasing subject matter of publicity, and while this publicity proves embarrassing to those operating country elevators, it nevertheless is a good thing.

We are satisfied that no superintendent of our company superintends his point on the basis of encouraging agents in incurring overages, or gives any encouragement to an agent to take more than the shrinkage allowance permitted to avoid gross shortages. Gross overages in excess of the shrinkage allowance, or gross shortages, can only occur from one cause—inaccurate weighing. This inaccurate weighing may not be entirely the fault of the agent, as it may arise from a faulty scale, foundations, or unusual climatic conditions, and we must be on guard against such possibilities.

We have written a circular letter on the subject to all agents, as per the attached copy, in which we have again reiterated our point of view, and we wish all superintendents to exercise more zealously in

respect to this matter than they have in the past, as it is obvious that at certain points this is very necessary. No right thinking agent or superintendent can assume that a company can maintain, let alone continue to increase the esteem and confidence in which it is held by its customers, if overages, in excess of the allowance permitted for shrinkage, arise in its operations. We also wish to avoid thinking along the lines that the shrinkage is something that has to turn up in its entirety in the gross figures of operation, as it is an allowance for protection.

We, of course, do not wish any confusion between gross and net overages. A net overage is an entirely different matter. It arises from various trading causes that are obvious to you, and which have been touched upon in our letter to all agents.

We know we have had the support of all superintendents in this matter in the past, but it cannot be overstressed with our agents.

Yours truly,
(Signed)
General Manager.

I think if they were printed, it had better be as a letter from one elevator company to its agent. One letter is to the agent and the other is to the superintendent; so that the name of the company should be eliminated and it is an example of what does go forward to the agents stressing the fact that the company expects only accurate grading and weighing of grain, and with the taking of accurate shrinkage and nothing else.

Many indirect insinuations and aspersions have been made against the integrity of grain handling companies and upon agents. Usually these come from improperly informed persons. However, of late these reflections have been directed at elevator operations by persons who hold responsible positions with farm organizations and relate particularly to the weighing of grain and overages.

The United Grain Growers have given the committee a very complete explanation of the weighing of grain in country elevators. There is no point in reiterating that evidence. I would venture to say that if the signs were removed from all elevators a farmer could not tell whether he was in a pool, an independent or a U.G.G. elevator. And that may be a surprise to you after the evidence which you have heard.

The service he receives, the honesty of the agent and the method of operation is identical. There is competition for his business. In the competitive struggle for his business sometimes the farmer will do better with one agent than he will with another in the matter of grading. The next season the position might reverse. However, the competition which exists is always to the advantage of and benefit of the farmer. Under a monopoly—whether it be pool, line or U.G.G.—it is natural to assume that the benefits that accrue from competition would be lost.

In that connection I would like to read to you an extract from the "Saskatchewan Wheat Pool Annual Report" at page 7, for 1938-39. In that year the pool had the first shortage in its weigh-over in wheat in its elevators for the season, and this is what the report says:

"This is the first time a net shortage in wheat has been reported. It results from a form of competition involving underdocking by agents of all companies which was prevalent last year to a greater extent than heretofore. Steps have been taken in the current year to endeavour to correct this tendency as far as possible".

Now, that is just one example of competition bringing the farmer something extra.

The subject of weighing grain in country elevators is one which has received the attention of royal commissions inquiring into the grain handling business. The Turgeon Royal Grain Inquiry Commission of 1924-1925 recognized that invisible losses take place in the handling of grain and approved the shrinkage allowance which was then brought into effect by the Board of Grain Commissioners. We believe that the great majority of farmers are fully satisfied with the manner in which grain is received and weighed at country elevators. Companies do not seek overages. They seek accurate weighing. Accuracy of weighing has been accomplished down to a small fraction. In view of the difficulties in weighing large volumes of grain it would seem that elevator management is to be congratulated for what it has accomplished in this regard. We know of no manner in which elevators can be made to come into closer balance in the weighing of grain.

Now, I have obtained from one of the companies the record of its country elevator weigh-overs. This is one of the large private companies. It would not mean anything if I were to bring you the consolidated position of the 20 companies and this company was selected at random from the larger companies. First I have taken the position of all companies including the Pools and U.G.G. by years and then I have stated the experience of this individual company. This one company for the year 1943-1944 had a gross handling in wheat of 31,166,380 bushels. Its overage that year in wheat was 471 bushels. Now, had there been no shrinkage allowance its shortage would have been 157,726 bushels. With oats it had an overage of 5,199 bushels out of a total handling of 5,528,000. Had there been no shrinkage allowance it would have had a shortage of 23,144 bushels. In barley it handled 2,944,547 bushels—an overage of 4,005 bushels. Had there been no shrinkage allowance it would have had a loss of 25,737 bushels. In rye there was a handling of 410,077 bushels and an overage of 1,298 bushels which would have meant a loss of 1,032 bushels with no shrinkage allowance. Now you come to flax which is a higher priced grain. It handled 1,177,222 bushels. It had a net shortage of 3,608 bushels and the shortage would have been even higher without the shrinkage allowance—9,703 bushels—so that in that year out of a total handling of 41,226,715 bushels this company had a gross overage of only 7,365 bushels and had there been no shrinkage allowance it would have had a shortage of 217,346 bushels.

Now, I do not think you want to be burdened with the reading of this whole document. If you wish it filed, or if you wish me to proceed and to give you this by years, I will be glad to do so. I think I should point out however, that in one year of those 10 years—I will give you the summary and the figures—in 1943-1944 this company had a gross overage of .02. The Board of Grain Commissioners figures show for that year on a total handling of 872 million bushels the gross overage for all companies was .15. In 1944-1945 this line company had a gross shortage of .01 while the average of all companies was an overage of .28 so you will see this company had substantially less overage than the average of all other companies including the pools and the U.G.G. Now, in 1945-1946 this company had a gross overage of 1.02 against the average of all companies of .52. That was a high overage and you will wonder about it, but the situation is that this company is located mainly in the western part of Saskatchewan and in Alberta and it has a very large per elevator capacity. It was unable to get weigh-ups in the two previous years and this overage showed up when it was able to get completely weighed-up. You will see a little later that they get back into a shortage position with a complete weigh-up. In the year 1946-1947 this company had a gross overage of .29 compared with the general average of .30. In the following year when they had another complete weigh-up it had a gross shortage of .17 against the gross overage for all companies of .20. In 1948-1949 it had a gross overage of .08 compared with a general overage of .02. In 1949-1950 it had a gross overage of .13 compared with a general average of .07. In 1950-1951 it had a gross

overage of $\cdot 07$ compared with a general average of $\cdot 08$. In 1951-1952 it had a gross overage of $\cdot 09$ compared with a general overage of $\cdot 05$. In 1952-1953 it had a gross overage of $\cdot 06$ compared with a general overage of $\cdot 04$.

Therefore, I think these figures will establish that the average overages of the line companies are about the same as the average overages of the pools or the United Grain Growers. This tabulation of weighing results varies from year to year in the same company. Some years its record will be better than all other companies and some years it will not be as good but it serves to show that in this matter of weighing the results are not the same every year depending on whether you have a complete weigh-up or a partial weigh-up. Now, would you like those figures filed with you, Mr. Chairman?

The CHAIRMAN: I could take the figures, and have them printed.

The WITNESS: I believe they are of interest?

The CHAIRMAN: Yes.

ALL GRAIN COMPANIES

BOARD OF GRAIN COMMISSIONERS' ANNUAL REPORTS

A—Shrinkage *not* included in Gross Handling.

B—Shrinkage included in Gross Receipts total.

(In bushels)

	Wheat	Oats	Barley	Rye	Flax	Total	% O or S
<i>1943-44</i>							
A Gross Hdlg.	578,041,258	166,478,303	100,098,105	9,462,672	18,819,329	872,999,667	
O or S.	457,150	856,139	184,858	<i>39,653</i>	<i>174,798</i>	1,283,696	.15
B Gross Recpts.	580,975,329	167,432,290	100,626,514	9,516,467	18,916,763	877,467,363	
O or S.	<i>2,476,921</i>	2,152	<i>343,551</i>	<i>93,448</i>	<i>272,232</i>	<i>3,184,000</i>	.36
<i>1944-45</i>							
A Gross Hdlg.	509,314,111	155,076,027	86,882,014	4,832,527	8,601,249	764,705,928	
O or S.	986,021	847,351	387,828	<i>15,362</i>	<i>58,963</i>	2,146,875	.28
B Gross Recpts.	512,054,443	155,894,660	87,402,397	4,861,225	8,644,907	768,857,632	
O or S.	<i>1,764,311</i>	28,718	<i>132,555</i>	<i>44,060</i>	<i>102,621</i>	<i>2,004,829</i>	.26
<i>1945-46</i>							
A Gross Hdlg.	319,655,251	120,378,244	74,066,496	3,372,159	5,870,691	523,342,841	
O or S.	1,307,214	1,096,978	404,521	<i>13,506</i>	<i>85,395</i>	2,709,812	.52
B Gross Recpts.	312,423,812	121,013,711	74,532,677	3,393,554	5,900,787	526,264,541	
O or S.	<i>461,347</i>	461,511	<i>61,660</i>	<i>34,901</i>	<i>115,491</i>	<i>211,888</i>	.04
<i>1946-47</i>							
A Gross Hdlg.	360,610,336	114,212,767	79,044,296	6,091,074	5,563,461	565,521,934	
O or S.	556,277	754,034	418,330	10,618	<i>39,298</i>	1,699,961	.30
B Gross Recpts.	362,788,530	114,920,037	79,533,783	6,129,411	5,595,088	563,966,849	
O or S.	<i>1,621,917</i>	46,764	<i>71,157</i>	<i>27,719</i>	<i>70,925</i>	<i>1,744,954</i>	.30
<i>1947-48</i>							
A Gross Hdlg.	273,102,735	85,484,275	74,053,953	10,674,965	12,088,195	455,404,123	
O or S.	184,700	449,869	330,751	13,149	<i>88,804</i>	888,665	.20
B Gross Recpts.	274,890,981	86,057,033	74,602,751	10,740,528	12,156,302	458,447,595	
O or S.	<i>1,603,546</i>	<i>122,889</i>	<i>218,047</i>	<i>52,414</i>	<i>156,911</i>	<i>2,153,807</i>	.46
<i>1948-49</i>							
A Gross Hdlg.	317,281,045	93,983,467	76,249,190	18,442,206	17,911,677	523,867,765	
O or S.	<i>117,822</i>	185,270	185,270	<i>34,383</i>	<i>96,344</i>	120,333	.02
B Gross Recpts.	318,156,355	94,238,181	76,463,395	18,492,152	18,093,525	525,443,608	
O or S.	<i>993,132</i>	<i>69,264</i>	<i>28,935</i>	<i>84,329</i>	<i>278,192</i>	<i>1,463,852</i>	.27
<i>1949-50</i>							
A Gross Hdlg.	346,230,576	91,148,438	59,111,487	10,789,330	1,863,947	509,143,788	
O or S.	<i>38,683</i>	319,484	128,395	<i>47,688</i>	<i>24,307</i>	337,201	.07
B Gross Recpts.	347,133,293	91,381,482	59,274,562	10,817,460	1,883,350	510,490,147	
O or S.	<i>941,400</i>	86,440	<i>34,680</i>	<i>75,818</i>	<i>43,710</i>	<i>1,009,168</i>	.19
<i>1950-51</i>							
A Gross Hdlg.	401,443,015	110,278,863	88,274,923	8,507,071	3,430,415	611,934,287	
O or S.	139,233	213,132	82,736	26,522	20,179	481,802	.08
B Gross Recpts.	403,258,591	110,733,475	88,665,576	8,557,592	3,492,959	614,708,193	
O or S.	<i>1,676,343</i>	<i>241,480</i>	<i>307,917</i>	<i>23,999</i>	<i>42,365</i>	<i>2,292,104</i>	.37
<i>1951-52</i>							
A Gross Hdlg.	544,632,239	153,913,147	144,598,840	12,241,371	7,282,093	862,667,690	
O or S.	210,999	184,048	33,931	<i>2,963</i>	<i>32,366</i>	393,649	.05
B Gross Recpts.	547,653,106	154,633,142	145,304,475	12,326,496	7,415,995	867,333,214	
O or S.	<i>2,809,868</i>	<i>535,947</i>	<i>671,704</i>	<i>88,088</i>	<i>166,263</i>	<i>4,271,875</i>	.49
<i>1952-53</i>							
A Gross Hdlg.	649,981,335	152,019,671	195,063,008	18,632,173	9,751,713	1,025,447,900	
O or S.	383,365	152,661	5,358	<i>10,500</i>	<i>84,741</i>	446,143	.04
B Gross Recpts.	652,567,276	152,419,817	195,605,933	18,735,259	9,901,226	1,029,229,511	
O or S.	<i>2,202,576</i>	<i>247,485</i>	<i>537,567</i>	<i>113,586</i>	<i>234,254</i>	<i>3,335,468</i>	.32

NOTE: Overages appear in standard type.
Shortages appear in italics.

ONE GRAIN COMPANY

BOARD OF GRAIN COMMISSIONERS' ANNUAL REPORTS

A—Shrinkage *not* included in Gross Handling.

B—Shrinkage included in Gross Receipts total.

(In bushels)

	Wheat	Oats	Barley	Rye	Flax	Total	% O or S
<i>1943-44</i>							
A Gross Hdlg.....	31,166,380	5,528,589	2,944,547	410,077	1,177,222	41,226,815	
O or S.....	471	5,199	4,005	1,298	3,608	7,365	-02
B Gross Rcpts....	31,324,577	5,556,932	2,974,289	412,407	1,183,317	41,451,522	
O or S.....	<i>157,726</i>	<i>23,144</i>	<i>25,737</i>	<i>1,032</i>	<i>9,703</i>	<i>217,342</i>	-52
<i>1944-45</i>							
A Gross Hdlg.....	25,919,227	4,489,634	2,411,225	240,408	487,408	33,548,036	
O or S.....	<i>2,178</i>	538	<i>95</i>	<i>128</i>		<i>1,863</i>	-01
B Gross Rcpts....	26,058,684	4,513,333	2,435,581	241,970	489,881	33,739,449	
O or S.....	<i>141,635</i>	<i>23,161</i>	<i>24,451</i>	<i>1,556</i>	<i>2,473</i>	<i>193,276</i>	-57
<i>1945-46</i>							
A Gross Hdlg.....	14,566,124	2,508,708	1,522,442	133,429	187,107	18,917,810	
O or S.....	129,909	62,338	30,379	<i>3,073</i>	<i>27,081</i>	192,472	1-02
B Gross Rcpts....	14,646,714	2,521,951	1,537,820	134,275	188,066	19,028,826	
O or S.....	49,319	49,905	15,001	<i>3,919</i>	<i>28,040</i>	81,456	-42
<i>1946-47</i>							
A Gross Hdlg.....	13,794,286	2,773,699	1,957,739	297,774	122,466	18,945,964	
O or S.....	<i>1,067</i>	48,687	8,466	<i>726</i>	<i>73</i>	55,287	-29
B Gross Rcpts....	13,877,607	2,790,875	1,977,514	299,648	123,162	19,068,806	
O or S.....	<i>84,388</i>	31,511	<i>11,309</i>	<i>2,600</i>	<i>769</i>	<i>67,555</i>	-35
<i>1947-48</i>							
A Gross Hdlg.....	11,586,198	2,282,650	2,449,554	649,532	404,068	17,372,002	
O or S.....	<i>40,555</i>	13,436	<i>5,554</i>	<i>2,649</i>	<i>6,121</i>	<i>30,335</i>	-17
B Gross Rcpts....	11,662,063	2,297,944	2,474,297	653,520	406,344	17,494,168	
O or S.....	<i>116,420</i>	<i>1,858</i>	<i>19,189</i>	<i>6,637</i>	<i>8,397</i>	<i>152,501</i>	-87
<i>1948-49</i>							
A Gross Hdlg.....	13,795,434	2,449,158	2,579,408	1,030,980	435,168	20,290,148	
O or S.....	<i>5,788</i>	12,087	10,119	3,498	<i>4,411</i>	15,505	-08
B Gross Rcpts....	13,833,492	2,455,790	2,586,653	1,033,771	439,585	20,349,292	
O or S.....	<i>43,846</i>	5,455	2,874	707	<i>8,829</i>	<i>43,639</i>	-21
<i>1949-50</i>							
A Gross Hdlg.....	13,164,898	1,819,225	1,449,783	534,149	21,269	16,989,324	
O or S.....	5,781	15,537	3,040	<i>2,893</i>	399	21,864	-13
B Gross Rcpts....	13,199,221	1,823,875	1,453,781	535,540	21,491	17,033,808	
O or S.....	<i>28,542</i>	10,887	<i>958</i>	<i>4,284</i>	177	<i>22,720</i>	-13
<i>1950-51</i>							
A Gross Hdlg.....	19,965,729	2,712,292	2,739,482	460,165	32,496	25,910,164	
O or S.....	9,321	4,569	3,105	1,377	140	18,512	-07
B Gross Rcpts....	20,056,025	2,723,472	2,751,604	462,898	33,088	26,027,087	
O or S.....	<i>80,975</i>	<i>6,611</i>	<i>9,017</i>	<i>1,356</i>	<i>452</i>	<i>93,411</i>	-37
<i>1951-52</i>							
A Gross Hdlg.....	43,827,249	6,859,642	7,209,319	1,131,590	315,758	59,343,558	
O or S.....	38,932	14,704	5,748	<i>636</i>	<i>4,375</i>	54,373	-09
B Gross Rcpts....	44,070,341	6,891,730	7,244,500	1,139,458	321,563	59,667,592	
O or S.....	<i>204,160</i>	<i>17,384</i>	<i>29,433</i>	<i>8,504</i>	<i>10,180</i>	<i>269,661</i>	-45
<i>1952-53</i>							
A Gross Hdlg.....	55,085,812	7,021,941	10,992,816	1,781,266	466,892	75,348,727	
O or S.....	25,675	12,580	3,821	1,270	<i>852</i>	42,494	-06
B Gross Rcpts....	55,304,969	7,040,423	11,023,412	1,791,120	474,050	75,633,974	
O or S.....	<i>193,482</i>	<i>5,902</i>	<i>26,775</i>	<i>8,584</i>	<i>8,010</i>	<i>242,753</i>	-32

NOTE: Overages appear in Standard Type.
Shortages appear in italics

The WITNESS: The companies have been spending a great deal of money in improving their scale equipment. The advent of trucks has changed the picture considerably regarding weighing. It has necessitated the installation of much larger scales. The cost for a heavy end modification bringing a scale up to 15 tons from the old 3 to 10-ton scale, with a 19 feet 6 inch platform costs from \$2,700 to \$2,900 and the cost of the new 20-ton unit runs from \$4,100 to \$4,400.

Based on what this company has done, the country elevator companies have spent in recent years, and since the movement by truck has developed, some \$7,500,000 on the installation of new scales so that they are investing a great deal of money in seeking accurate weighing.

We come now to the question of grade gains and losses. I do not know that any company has ever made public its figures in regard to grade gains and losses. Before I left I asked this particular company for its record and this is its record for grade gains and losses. I have taken those figures and compared them with the figures of the Saskatchewan Wheat Pool. As you know, the Saskatchewan Wheat Pool publishes an annual report which goes into a great deal of detail and is available not only to its competitors but also to its members.

By Mr. Argue:

Q. Could we have the name of that company you are speaking of?—A. I would be glad to give the name to the committee, but I think it should be withheld for competitive reasons in the country. As I say, this is something entirely new. This is a privately-owned company and it is something entirely new for a privately-owned company like this to deal with these figures in public.

Q. Have you checked to see if this is a representative company? Is it better than average or below average?—A. I have not checked these figures because I do not have the figures of any other company. I simply went to the company and told them that I was going to Ottawa and that I desired information to give the committee because I thought there was no use in coming down without ample information. I did not know what the figures were and I do not know what the figures for any other company are so this is not a selected company.

Q. It was picked out at random?—A. I would be glad to give the name to the chairman or any member of the committee.

The CHAIRMAN: I do not think it is essential.

The WITNESS: I do not think the name should be put on the public record.

Mr. ARGUE: I have no objection to your going ahead if you do not wish to give us the name of the company, that is fine; but I would suggest that after you have gone through that company's records it does not leave the committee with very much information. It simply leaves us with the record of a company.

The WITNESS: I would say this: if the committee wishes to send an auditor to Winnipeg or engage an auditor in Winnipeg at our expense to verify the figures we will be glad to pay the auditor.

Mr. ARGUE: I am not suggesting that at all. I simply wanted to know if the figures are representative.

The WITNESS: I will tell you how many elevators this company has, and I think anyone can guess which company it is from that figure.

Mr. ARGUE: We do not want to know.

The WITNESS: It has over 400 elevators, so I think it is representative.

The CHAIRMAN: The point Mr. Argue wants to make is that he desires to know if it is a line elevator company and I guess we can take it from your answer that it is.

The WITNESS: Yes.

Right Hon. Mr. HOWE: It is a representative western line elevator company.

Mr. ARGUE: I just wanted to know if it was especially good or especially bad.

Right Hon. Mr. HOWE: Apparently he went to one company and said "Give me the figures" and they did.

The WITNESS: I will start in the year 1943-1944 and this report will cover a 10-year period. At that time this company had 255 elevators and it now has 427 which indicates that privately-owned companies are growing just the same as others are growing. Also, some of them are disappearing.

In 1943-1944 this company had a grade gain on its country operations of \$10,055. The Saskatchewan Wheat Pool had a grade gain of \$137,493.60.

Now, the pool is larger and had at that time I believe around 1,050 elevators but you will see as I go through these figures that every year is the same in regard to gain or loss in the pool and in the line company. The years the line company had a gain the pool had a gain and the years there was a loss in the line company the pool also had a loss.

In 1944-1945 the line company had a gain of \$18,750 and the Saskatchewan Wheat Pool had a gain of \$25,383.97.

In 1945-1946 the line company had a loss of \$14,896 and the Saskatchewan Wheat Pool had a loss of \$150,823.95.

In 1946-1947 the line company had a loss of \$28,225 and the Wheat Pool had a loss of \$143,938.60.

In 1947-1948 the line company had a loss of \$41,926 and the pool had a loss of \$370,614.75. In 1948-1949 the line company had a loss of \$73,898 and the Saskatchewan Wheat Pool had a loss of \$189,204.90.

In 1949-1950 the line company had a loss of \$53,196, and the Saskatchewan Wheat Pool had a loss of \$145,592.

In 1950-1951 the line company had a grade gain of \$21,315 and the Saskatchewan Wheat Pool had a gain of \$64,023.

In 1951-1952—which was the year which Mr. Wesson dealt with at some length when the companies were facing losses of possibly millions of dollars due to the wet crop and when providence came to our rescue with dry grain in the spring—the line company had a gain that year of \$81,969 and the Saskatchewan Wheat Pool had a gain of \$299,383.86.

We reverted to form in 1952-1953 when the line company had a loss of \$47,048 and the Saskatchewan Wheat Pool had a loss of \$264,878.83.

In that ten-year period there was a total loss to the line company of \$260,189 and there was a total loss to the Saskatchewan Wheat Pool of \$1,265,052.98. There were grade gains in that ten-year period of \$132,089 for the line company and \$526,284.43 to the Saskatchewan Wheat Pool, so that the net position at the end of the ten-year period was a net loss to the line company of \$128,100 and a net loss to the Saskatchewan Wheat Pool of \$738,768.55.

I think, Mr. Chairman, that would indicate that in the matter of grading there are more losses than there are gains. On this matter of grade losses, I think you may be interested once again in the Saskatchewan Wheat Pool report of 1948-1949 and their comment on the grade loss of \$189,204:

Some of this loss can be attributed to competitive conditions at certain points, but there were some heavy losses on an unusually large number of cars grading rejected on account of heated kernels.

That statement appears in the annual report of the Saskatchewan Wheat Pool for 1948-1949 at page 11.

Once again you will see that competition is for the benefit of the farmer. Now, on this other statement I have, the Saskatchewan Wheat Pool grade losses are shown right back to the year 1926-27 but I do not think there is any point in going back quite that far.

One of the great problems which the elevator companies have had to contend with in recent years has been the matter of tough and damp grain and this is the proportion that we have been called upon to handle after going along for a period of 20 years with our driers rusting out and being used practically not at all.

In 1947-1948 the percentage of tough and damp grain was 30 per cent. In 1948-1949 the percentage of tough and damp grain was 5 per cent. In 1949-1950 the percentage of tough and damp grain was 2 per cent. In 1950-1951 the percentage of tough and damp grain was 20 per cent. In 1951-1952 the percentage of tough and damp grain was 47 per cent. In 1952-53 the percentage of tough and damp grain was 17 per cent.

Now, Mr. Wesson gave you some idea of the problems which the grain companies faced in the 1951-52 crop year. The line companies as well as the pools took on a risk which I do not think they would ever want to assume again. If that spring of 1952 had turned out wet or damp as this current spring has been in the west we would have had to assume losses of millions of dollars and it was only through the ingenuity of the elevator companies coupled with the transport controller, the railways, the Wheat Board and the Board of Grain Commissioners that these losses were averted.

There is another very serious problem which the companies have to contend with and particularly in a period such as we are going through now with the possibility of some of this great volume of grain in our elevators going out of condition for various causes. Since arriving in Ottawa, I noticed an item in the paper concerning Aylsham, Saskatchewan, which says:

The rain-swollen Carrot river has washed out three iron bridges and flooded a number of grain-elevator annexes in this farming district about 150 miles northwest of Prince Albert.

That grain was in the elevators and we are responsible for it, and we are responsible also for the loss that will have to be taken in grade when that grain is removed from the water.

This is a record of the total cars of rejected and sample grain and you will see the way this problem grows and that once the grain is in the elevator we are responsible for it.

In 1943-44 there were 247 cars; in 1944-45, which was a year of congestion, there were 2,364 cars; in 1945-46, 1,219 cars; in 1946-47, 783; in 1947-48, 967; in 1948-49, 1,400 cars; in 1949-50, 1,080 cars; in the frost year, 1950-51, 656 cars; in the wet year, 1951-52, 1,241 cars; in 1952-53, when we were in a period of congestion, 2,727 cars, which were moved forward for one cause or another as rejected or sample on account of heated or other factors. Agents are up against a tremendous problem in keeping this grain in condition. We are again in a period of congestion, and so the companies again have an immense problem in this matter of grain going out of condition.

Now I am coming to the matter of the operations of these companies in another direction. I believe that the grain elevator business is the only industry in Canada which returned to its customers a gratuitous profit arising out of the decontrol of prices during and following the war, and it may interest you to know that the oats and barley which had been delivered to the companies between August 1 and October 21, 1947, when the price ceilings were

removed, the companies decided to return to the farmers the gratuitous profit which arose from this operation. It was the line companies which took the lead and made the first move in this connection, so that far from being the vampires that you heard about, around \$6 million or \$7 million was returned to the farmers by way of gratuitous profits arising from decontrol of oats and barley. I have a list of the companies here, which is merely a list of all the line companies. The pools and the U.G.G. also returned this money. This one company which I have referred to at that time had 253 elevators and returned to the growers a total gratuitous profit of \$275,943.59. The per bushel return on oats was 13½ cents; on barley, 16½ cents per bushel. On the matter of patronage dividends which has been discussed here, a number of our companies have adopted the policy of paying patronage dividends. Some of them do not believe in them; and some of them do. This particular company started paying patronage dividends in 1941-42 and has paid them every year since. The patronage dividend varies on wheat from one-half cent up to two cents per bushel, and has been paid both on wheat and coarse grains. On coarse grains it has varied from a half-cent to 1½ cents per bushel. The line companies, following the discussions and the report of the McDougall royal commission, were enabled to pay patronage dividends and have them treated as a deduction from taxable profits. Prior to that time we did not know our tax position, but this company has paid out since 1941-42 a total in patronage dividends of \$2,228,445.36, which, together with the return to farmers of the gratuitous profit I mentioned, makes a total of \$2,405,388.95.

There is a matter here which involves elevator operations to a considerable extent and is one of the greatest competitive factors in regard to elevator operation, and that is the question of income taxation. The Wheat Pools on their profits over the last six years, which amounted to \$42 million, paid income taxes at the rate of 9·20 per cent. Now, we as line companies have been paying at the rate of 49 to 54·5 per cent, and I just want to put that on the record, because I will be dealing with that as it relates to other problems with which we are faced, particularly in the question of the obsolescence of elevators, many of which are now 30 years old, some 40 years old, and the problem which is going to face us before long of replacing these facilities, both country and terminal.

Now, on this question of car distribution, we have a table which I think might interest you. This is a table prepared from the Board of Grain Commissioners' returns and from the pool records. This table deals with the last 10 crop years. The first column shows the total number of licensed country elevators in Manitoba, and for each of the other two provinces. It deals with this matter by provinces. It shows the total capacity of all elevators in Manitoba, the number of licensed Manitoba pool elevators, the capacity at Manitoba pool elevators, the number of licensed line and U.G.G. elevators in Manitoba, the capacity of line and U.G.G. elevators in Manitoba, the total marketings of all grains through country elevators, the marketings of all grains handled by Manitoba Pool through country elevators, the percentage of capacity operated by the Manitoba Pool, and the percentage of marketings by the Manitoba Pool. There are two bases of deductions. One is the figure taken directly from the Manitoba Pool reports, including loads which actually do not pass through elevators, and the other is the calculated figure taking the amount the pool handled as compared with total deliveries. There is a slight difference in the fractions in there, you will notice. Then we show the total capacity of elevators operated by the line companies and U.G.G. in Manitoba, and the percentage of marketings handled by the line and U.G.G. in Manitoba. I should explain to you the reason why the line and U.G.G. are shown together. It is that the United Grain Growers have always followed the practice of not divulging their handlings. The first time I have ever seen an accurate figure of the handling of

the United Grain Growers was in the document which was filed here by the Board of Grain Commissioners, so that they are not to be taken as a member of our organization. The only reason they are taken is to get at the pool percentages and figures as compared with the other organizations. Now, the same figures are shown in here for the province of Saskatchewan and the handlings for the province of Alberta. Now, there are some very interesting figures shown up here, and since I have heard the discussion here, I do not think they go back quite far enough. I have here the figures going back right to the commencement of the three pools. As I say, this goes back only to 1943-44. I propose to put these additional figures on the record. First, the Saskatchewan figures:

Crop Year	% of Pool Elevators to Total	% of Saskatchewan Crop Handled by Saskatchewan Pool (2)
		%
1925-26	3.28	6.39
1926-27	21.80	36.10
1927-28	25.95	40.00
1928-29	30.63	43.01
1929-30	32.58	49.80
1930-31	32.84	44.43
1931-32	33.44	40.22
1932-33	33.71	43.02
1933-34	33.66	43.51
1934-35	35.40	44.41
1935-36	34.58	45.30
1936-37	35.85	46.86
1937-38	41.06	46.83
1938-39	35.84	45.15
1939-40	34.41	43.83
1940-41	34.59	39.64
1941-42	34.61	42.43
1942-43	34.32	39.71
1943-44	34.72	42.84
1944-45	35.97	46.73
1945-46	36.41	50.52
1946-47	36.53	50.85
1947-48	37.22	50.13
1948-49	36.30	50.20
1949-50	39.03	51.43
1950-51	39.21	48.09
1951-52	38.78	45.41
1952-53	38.84	46.01

(2) For Crop years 1929-30 to date the Pool Annual Reports state the % of the Crop Handled by the Pool. These figures are shown above. For the crop years 1925-26 to 1928-29 the Pool Reports do not state the % Handled, but show the bushels handled. The percentage for those years is calculated from the final elevator deliveries shown by the Board of Grain Commissioners.

The CHAIRMAN: I might make a suggestion, that you might comment on these and then include this in the record.

The WITNESS: The point is that the high point was in 1929-30. They reached 49.80 per cent of the handlings. They dropped back in 1931-32 to 40.22 per cent, and their average in the 1930's, prior to the war, was running from 40 to 45 per cent of the grain.

The figures also are in here for Manitoba and Alberta, going right back to the commencement of the pools, showing their percentage of handlings. This 50 per cent of deliveries to Saskatchewan Pool was arrived at only very recently and for a temporary period.

The CHAIRMAN: Pardon me a moment. Will we include the figures for the three provinces, the percentage of pool elevators as to total and the percentage of the crop handled by the pool?

Mr. BLACKMORE: They are all valuable.

The CHAIRMAN: We will include them for the three provinces.

The figures are as follows for Manitoba and Alberta:

Crop Year	% of Pool Elevators to Total	% of Manitoba Crop Handled by Manitoba Pool (2)
		%
1925-26	1·20	2·56
1926-27	4·47	9·86
1927-28	8·26	18·90
1928-29	19·44	41·51
1929-30	21·00	41·67
1930-31	21·11	37·01
1931-32	23·39	25·50
1932-33	22·45	28·30
1933-34	22·87	26·90
1934-35	22·40	25·40
1935-36	22·94	27·50
1936-37	23·65	27·06
1937-38	23·03	27·09
1938-39	22·81	30·01
1939-40	22·35	29·02
1940-41	28·63	33·87
1941-42	28·24	34·11
1942-43	28·24	33·24
1943-44	29·60	36·38
1944-45	30·42	38·50
1945-46	29·73	41·94
1946-47	30·63	39·10
1947-48	29·83	41·75
1948-49	33·99	45·51
1949-50	36·06	47·58
1950-51	36·02	47·04
1951-52	36·58	49·00
1952-53	36·92	49·86

(2) For Crop years 1931-32 to date the Pool Annual Reports state the % of the Crop Handled by the Pool. These figures are shown above. For the crop years 1925-26 to 1930-31 the Pool Reports do not state the % Handled, but show the bushels handled. The percentage for those years is calculated from the final elevator deliveries shown by the Board of Grain Commissioners.

Crop Year	% of Pool Elevators to Total	% of Alberta Crop Handled by Alberta Pool (2)
	%	%
1926-27	3.90	not available
1927-28	13.08	" "
1928-29	19.69	29.18
1929-30	25.42	35.98
1930-31	25.06	29.32
1931-32	25.22	27.44
1932-33	24.99	29.12
1933-34	24.63	26.27
1934-35	24.51	27.46
1935-36	24.69	29.12
1936-37	24.82	28.25
1937-38	24.33	27.57
1938-39	24.72	29.59
1939-40	24.40	29.20
1940-41	24.45	26.90
1941-42	24.57	27.10
1942-43	24.57	28.74
1943-44	25.07	28.736
1944-45	34.74	29.575
1945-46	25.17	32.407
1946-47	26.20	31.36
1947-48	27.31	33.01
1948-49	28.44	34.39
1949-50	29.92	35.12
1950-51	29.79	34.70
1951-52	29.51	34.11
1952-53	29.47	33.00

(2) For crop years 1939-40 to date the Pool Annual Reports state the % of the Crop Handled by the Pool. These figures are shown above. For the crop years 1928-29 to 1938-39 the Pool Reports do not state the % Handled, but show the bushels handled. The percentage for those years is calculated from the final elevator deliveries shown by the Board of Grain Commissioners.

Mr. BLACKMORE: They are all valuable.

The CHAIRMAN: That is right. We will include them for the three provinces. Please carry on.

The WITNESS: One of the most valued rights which the farmer now possesses is that of delivering to the elevator of his choice, and in this respect he is at liberty to change his mind—and frequently does.

To summarize: the present dissatisfaction is largely synthetic and has been stirred up.

Elevators are declared to be works for the general advantage of Canada. All companies operate under the authority of the authority of the Canadian Wheat Board and under the Canada Grain Act and regulations laid down by the Board of Grain Commissioners. There should be no regulations laid down which would grant special advantages to any particular company.

The car order book has been extolled by farm leaders. It is ever present and any farmer may exercise his rights under it.

The proposed changes are aimed to the special advantage of the pools rather than the farmer. The car order book section of the act is for the protection of the farmer not the elevator company.

The CHAIRMAN: Perhaps we had better adjourn now. I do not know about tomorrow. Possibly we might have Mr. Rayner and the secretary to complete the schedule.

EVIDENCE

MAY 20, 1954

11.00 a.m.

The CHAIRMAN: The committee will come to order and we will proceed with the evidence from Mr. Cecil Lamont of the Northwest Line Elevator Association. I will call again on Mr. Lamont.

Before going on—in his evidence yesterday Mr. Lamont referred to a table of figures which showed the shrinkage not included in gross handling and the shrinkage included in gross receipts totalled in bushels of one particular company. You will remember that there was some discussion on that. At the time I did not instruct the clerk to print it, but I find from the evidence that we would really include it, because otherwise the evidence is quite incomplete. If it is agreeable to the committee, we will just insert it to complete the evidence.

Agreed.

Now I will call on Mr. Lamont.

Mr. Cecil Lamont, of the Northwest Line Elevator Association, recalled:

The WITNESS: In connection with the figures to which the chairman has just referred, I think that I should give you a record of the cut-offs relating to the elevators of the line company referred to. You will see from these figures that in some years, in years of congestion, it was impossible to make complete cut-offs owing to congestion in the elevators. Now, this is the position. For the year 1943-44 the company had a total of 255 elevators at the beginning of the season, and in all cases this is the number of elevators at the beginning of the season. Of the 255 elevators, 110 cut-offs were made during the year. For 1944-45 the company had 255 elevators and 140 were weighed up. In 1945-46, of the 254 elevators, 235 were weighed up. That is the year in which there was a heavier than average overage, which explains that situation.

By Mr. Blackmore:

Q. May I ask the witness a question. I take it that you would not cut off on the same elevators each year? You would alternate from one year to another?—A. We would try to make a complete cut-off of every elevator.

Q. Part one year and part the next?—A. If the elevator at the end was full of grain and you could not make a cut-off it might be several years before you could get a cut-off of that particular elevator.

MR. BLACKMORE: Thank you.

The WITNESS: For the year 1946-47, out of 253 elevators, 241 were weighed up. In 1947-48, out of 253 elevators, 261 were weighed up. You will wonder how it is possible to weigh up 261 out of 253 elevators, but the situation is that additional elevators were purchased during the year. For the year 1948-49, out of 277 elevators, 257 were weighed up. In 1949-50, out of 275 elevators, 251 were weighed up. In 1950-51, out of 277 elevators, only 89 were weighed up. In 1951-52—during that year this company acquired another line of

elevators and it increased its total number of elevators to 427, and there were 107 weighed up that year. In 1952-53, out of 427 elevators, only 96 were weighed up. So you will see that we have another situation accumulating where it is impossible over the last two years to weigh up more than probably 25 per cent of the elevators.

Now, at the time of adjournment last night we had started to discuss this matter of car distribution. It is a little more difficult than weighing, grading and docking grain. There you have actual figures to deal with; here it will be obvious to all the members that we are dealing with theory. I would like to review some of the remarks I made at the time of adjournment to bring the matter back to mind, and summarize our views in regard to this matter. We contend that one of the most valued rights which the farmer now possesses is that of delivering to the elevator of his choice. I think there are quite a few in the room who will agree with that principle.

Mr. CASTLEDEN: Hear, hear!

The WITNESS: But in this respect he is at liberty to change his mind and frequently does. The present dissatisfaction is largely synthetic and has been stirred up. The elevators are declared to be works for the general advantage of Canada, under the Canada Grain Act. All companies operate under the authority of the Canadian Wheat Board and under the Canada Grain Act and regulations laid down by the Board of Grain Commissioners. There should be no regulations laid down which would grant special privileges to any particular company. The car order book has been extolled by farm leaders. It is ever present and any farmer may exercise his rights under it.

Mr. CASTLEDEN: Except when it is suspended.

The WITNESS: Of course, when the car controller suspends it. But it is still there under the Act. The proposed changes are aimed to the special advantage of the pools rather than to the individual farmer. The car order book section of the Act is for the protection of the farmer, not the elevator company. The proposed changes would result in stifling competition in the handling of the farmers' grain. They would remove the incentive to build additional space and to improve and renovate existing facilities. Much of the additional storage was built as a result of the competitive factor. It is doubtful if the companies will ever recover their investment from the annexes built in the past few years. I would like here to refer to an action taken by the Canadian Federation of Agriculture. This is an official statement issued by Roy C. Marler, chairman of the prairie section of the Canadian Federation of Agriculture. I quote from this statement:

The prairie section of the Canadian Federation of Agriculture met in Regina on Wednesday, June 10th, 1953. The meeting discussed a number of problems affecting western agriculture, such as the International Wheat Agreement, freight rates on grain and the sale of coarse grains by the Canadian Wheat Board.

The following resolution was passed unanimously:

RESOLVED that this section declare its confidence in the personnel of the Board of Grain Commissioners and the Canadian Wheat Board and the administration these boards are giving their respective acts. The Canada Grain Act has been built up over the years by the constant efforts of the farm organizations to protect

the interests of western farmers. As now framed the Act does afford the protection for which these organizations had hoped. The western section has every confidence that any comprehensive study of the Act will show that no extensive revisions are necessary at this time.

A resolution was passed also expressing appreciation and confidence in R. Milner and his work as Transport Controller.

Well, we are not members of this Canadian Federation of Agriculture. We follow its work, and we are in full accord with this resolution in all respects.

Now we come to this matter of the car cycle which has been under discussion. A car cycle was experimented with during the congestion in 1943 and was abandoned after a few month's trial. It was actually in operation from October, 1943 until April, 1944. The Canadian Wheat Board commented on the operation of this car cycle in its annual report for the year 1943-44, and this is what the Wheat Board said:

When the board assumed responsibility for car distribution it did so reluctantly and on the understanding that as soon as conditions permitted car distribution would be made in the normal way under provisions of the Canada Grain Act.

The car cycle is also fundamentally for the benefit of a particular elevator rather than for the protection of the farmer. It would limit competition and it would stifle new construction and improvement of elevators. If the pools had been intent on providing more facilities to handle their members' grain—

Mr. CASTLEDEN: Are you quoting now?

The WITNESS: No, I ended my quote some time ago. They could have used their profits to build additional plant rather than to pay it out in patronage dividends. It can be presumed that they took the course they did to build up their business by goodwill by payment of patronage dividends rather than providing additional elevator space.

Mr. BLACKMORE: Would it not be well for him to give us the point at which he ceased to quote, for the record?

The WITNESS: I believe I did. I will just read that extract from the statement by the board, so that it will be clear to all members of the committee:

When the board assumed responsibility for car distribution it did so reluctantly and on the understanding that as soon as conditions permitted car distribution would be made in the normal way under provisions of the Canada Grain Act.

That is the end of the quote. I have just been commenting that the pools were in a position to provide additional storage. They had the money. Their profits for the past six years total \$42 million. They chose to pay a very large portion of that money out in patronage dividends.

By Mr. Argue:

Q. What period of time was that?—A. These are the pool profits for the years from 1946 up to and including the year 1952. The total net earnings of the Alberta Pool for that period were \$9,595,364; the profits for the Manitoba Pool for the same period, six years, were \$9,549,309; the profits for the Saskatchewan Pool for the same six-year period were \$22,900,553 a total of \$42,045,227.

Q. You are saying that they did not use a fair proportion of that to increase their elevator capacity?—A. I say they spent a very large portion of that for the payment of patronage dividends. I am not questioning the judgment of whether they should pay patronage dividends or not; that is their concern. But they could have used this money to build the additional storage which has been urged by their members.

Q. But they built more additional storage than—A. Certainly they built storage.

Q. More storage—

The CHAIRMAN: We had better let the witness finish his evidence.

Mr. ARGUE: They did a better job than you did.

The CHAIRMAN: We agreed at the beginning that we would not question any witness when he was presenting his evidence. Let him finish his evidence.

Mr. ARGUE: We are at a disadvantage.

Mr. GOUR: When the chairman lays down something, it should be followed.

Mr. ARGUE: Yes, we have a good chairman.

The CHAIRMAN: Occasionally, for clarification, there may be a short question, but I do not think that any statement should be interjected into the witness' evidence, because it is not quite fair. He should get a chance; otherwise we get into an argument and interrupt the evidence.

Mr. ARGUE: I think we are at a disadvantage this time in that there is a prepared statement being read to the committee and we do not have copies. If we had copies of this we would be able to come back to it. It is hard to come back to it when we do not have copies.

The CHAIRMAN: About figures like that, you can ask a question to get the picture straight if you have not got it. With all these figures if you are not quite clear on them possibly you could summarize by saying, for instance, for the six-year period the Alberta Pool is \$9 million, the Manitoba Pool is \$9½ million, and the Saskatchewan Pool is \$23 million!

The WITNESS: Now, we feel that all elevators should be available for the expeditious movement of grain to market in the grades and quantities required, and particularly so during times of congestion. It is only by the free use of all elevator facilities that the needs of the farmer and the requirements of the Wheat Board can best be served. Now I will draw your attention to this statement which I presented to the committee yesterday dealing with the relative number of elevators, the capacity and handling, the pools and the line companies, including the United Grain Growers, by provinces.

The CHAIRMAN: These are the statistics that were given yesterday.

Mr. CASTLEDEN: Your statement that you think that all elevators should be made available to the farmer—

The CHAIRMAN: You are getting into a statement again. Let us wait until he finishes his evidence.

Mr. CASTLEDEN: Then we will not have his statement. How can we refer to his statement?

The CHAIRMAN: Just make a note like any other member.

Mr. MANG: I submit that every member can make a note of his questions.

The CHAIRMAN: It is the same procedure as before. I do not see any difficulty.

Mr. BYRNE: Let us treat all witnesses alike.

Mr. BLACKMORE: Give him a fair trial.

THE WITNESS: This statement was prepared at our request by the Sanford Evans Statistical Service, which is an outstanding organization for the handling of grain statistics. They obtained these figures from official sources, that is from the Wheat Pool annual reports and from the Board of Grain Commissioners' statistics. Now, I will deal with the Saskatchewan Pool because it seems to be the one that is pressing hardest for this car cycle or some other system of handling cars. You will notice that yesterday Mr. Parker more or less washed his hands of a car cycle. He said in effect, "Go ahead in Saskatchewan and Alberta, if you like, but do not apply it to Manitoba, because it would not be of advantage to the Manitoba Pool." I think that is the reason for his decision. Now, as we go down these figures we find that the percentage in this ten-year period ranges from 42.6 per cent to 52 per cent. Now, if we go back further to the prewar period, you will find that those percentages are even lower. There is just one point I would like to draw your attention to particularly. It is from the evidence given by the president of the Saskatchewan Wheat Pool. He informed you that they had a membership of 100,000.

MR. ARGUE: Mr. Chairman, on a point of order: we heard the various Wheat Pool organizations and, as I heard their statements, they did not take the position of the line elevator companies and go over what position it was and criticize it and make comments on it.

MR. BYRNE: Oh, yes, they did.

THE CHAIRMAN: There is no point of order there. The point is that he is presenting evidence. All the others have made reference to other statements. Most of the pools have referred to other presentations that have been made to the committee. I think everybody will agree with that. That is his responsibility. If he wants to refer to other presentations I do not think the committee would object to that. It is part of his presentation. The evidence is there for everyone to see and his evidence will be there along with the other's, and it will be for us to decide on that point. You surely would not suggest that he could not refer to other evidence.

MR. ARGUE: As I heard the evidence of the other organizations, of course they made reference to line elevator companies, but their evidence right through was an expression of their own position and was not a long discussion of somebody else's position.

THE CHAIRMAN: What is the point of order?

MR. ARGUE: The point of order is this, and I am raising it for your consideration. You have considered it in advance. You have anticipated it. My point of order was this, that for the benefit of the committee I think a pattern had been set and it should be continued, namely, as I understand it, that in this instance the line elevator position should be placed with as little reference to the others and to the position and the management of the others as possible. In other words, present a positive case instead of a negative case.

MR. STUDER: I would suggest that the witness be permitted to say whatever he likes. You do not have to believe a word he says. Let him say whatever he likes.

THE CHAIRMAN: The point of order before me now is that, in effect, Mr. Argue is saying that the witness is taking a departure from the evidence presented so far, I think everybody on the committee will agree that all the other witnesses directly or indirectly—and I could name two that did directly—referred to presentations that had been made before.

MR. ARGUE: Oh, yes.

The CHAIRMAN: They referred specifically to the brief, for instance, so that there is nothing new, and if we have allowed the others, certainly we have got to allow this one.

Mr. ARGUE: We were not analyzing their balance sheets.

The CHAIRMAN: I do not know about that. I am not so sure.

Mr. ARGUE: Very well, you have ruled on it, and it is perfectly satisfactory to me.

The CHAIRMAN: Please proceed.

The WITNESS: Mr. Wesson informed the committee that the membership of the Saskatchewan Wheat Pool was 100,000. The Dominion Bureau of Statistics indicates that the number of occupied farms in the province of Saskatchewan is 112,018, and that would indicate that 90 per cent of the farmers are members of the Saskatchewan Wheat Pool.

Mr. CASTLEDEN: Had been members, I think.

The WITNESS: I repeat, they are members; Mr. Wesson gave the membership of the Saskatchewan Wheat Pool to be 100,000.

Now, 100,000 compared with 112,018 is 90 per cent within a small fraction. If you want me to deal with fractions of percentages, I shall be glad to do so; but it is 90 per cent; and my point is that the farmer exercises his choice in delivering to an elevator; and if every pool member delivered to pool elevators, they should handle 90 per cent of the grain.

There have been years in Saskatchewan when the pool elevators could have handled every bushel of the grain.

Take 1937-38 when the Saskatchewan wheat crop was something like 2½ bushels to the acre. The Saskatchewan Wheat Pool could have handled the whole thing in a month and have closed up for the rest of the year.

The following year they could have handled the whole crop. Now, in the year 1938-39, for instance, the total amount of wheat delivered in Saskatchewan was 115,800,175 bushels. I have not got the separate figures for you for oats, barley, rye and flax delivered in Saskatchewan alone. But there was delivery in the three provinces of 32 million bushels of oats, 24 million bushels of barley, 3 million bushels of rye, and 747 bushels of flax; and that made a total delivery of wheat in Saskatchewan, and coarse grain in all provinces, of 175 million bushels. And the Saskatchewan Wheat Pool could have handled that whole crop.

By Mr. Argue:

Q. And so could the line elevators.—A. I am discussing what the Saskatchewan Wheat Pool is capable of doing at the present time. The fact is that in 1937-38 and 1938-39—I have not got the figures; I have given them to the secretary of the committee—but my recollection is—and I think you will find it is correct—that the handlings of the Saskatchewan Wheat Pool in those years was 45 per cent.

Q. And how much space?—A. They had plenty of space to handle the whole crop.

Q. What percentage of capacity?—A. Their capacity in 1943-44 was 39 per cent of the total capacity.

Q. And in 1937-38 it was?—A. Yes.

Q. In 1937-38?

The CHAIRMAN: You have got that right in front of you.

The WITNESS: I am giving it to you. The last figures which I have show the percentage of capacity is 1943-44. They could have handled the whole crop of Saskatchewan in any number of years, but the farmers did not choose to deliver to them.

What I am attempting to point out to this committee is that, with 90 per cent of the farmers they are not getting 90 per cent of the crop, and even in years when they could have handled it, they did not get 90 per cent.

I have read in *Hansard* where they could be handling something like 70 per cent, and if they could get the cars they could have handled 70 per cent.

Now I shall deal with Kayville. At Kayville it was claimed by a member of the committee the pool handles—I presume this would be under normal circumstances—85 per cent of the crop. If they handle 85 per cent at Kayville, and when you get down to the average, which is 45 per cent or 50 per cent, it means that at some other points the pool must handle an awful lot less than 85 per cent.

There are plenty of points where the line elevator companies handle a greater proportion of the crop than do the pools. This is a competitive business and it will vary from year to year.

I am going to take Kayville because there is a member of this committee who uses that point to deliver his grain, and he is particularly familiar with it. He informed us that normally the pool handles 85 per cent of the crop at that point. Here is the record. I had these figures taken off and wired to me this morning.

There are two elevators at Kayville, the McCabe, and the pool. I might say that the present capacity of the pool—I have not got the exact figures; I looked it up, but it is not in my mind; however, my recollection is that the pool elevator has approximately 80,000 capacity and the McCaable, 60,000. Possibly I could be corrected by the member from that area.

Q. I have not got the exact capacity.—A. But that, I would say, was within a couple of thousand bushels, and the pool is a substantially larger house. In the year 1943-44 the pool handled 67 per cent of the business. In the year 1944-45 the pool handled 84 per cent of the business. In the year 1945-46—

Q. Would you mind going a little slower, if you please?—A. Certainly, in 1944-45 the pool handled 84 per cent of the business; and in the year 1945-46 the pool handled 8 per cent of the business.

Q. There must be something wrong there.—A. Remember, you are dealing with percentages and I am dealing with percentages, and I shall explain that later. Percentages can be very misleading, as you will see. In that year the pool handled 8 per cent of the business. In the year 1946-47 the pool handled 42 per cent of the business; in the year 1947-48 the pool handled 75 per cent of the business. In the year 1948-49 the pool handled only 68 per cent of the business. In the year 1949-50 the pool handled 83 per cent of the business. In the year 1950-51 the pool handled 68 per cent of the business; in the year 1951-52 the pool handled 58 per cent of the business; and in the year 1952-53, the pool handled 64 per cent of the business.

And taking it over the ten year period, the pool handled 67.47 per cent of the business at that point. You may wonder how figures can vary from 8 per cent to 84 per cent. Evidently there was a very bad crop, or something happened in 45-46, because deliveries to McCabe are shown at 12,000, and the figures which I have had wired to me show 1,000 to the pool. I do not know what happened in there, whether it was hail or what; but there must have been something.

Q. Yes, something extraordinary.—A. I am informed that it was rust. You know that area but I cannot know what the conditions were at 2,500 different points.

Q. In 1945, that was 9 years ago, I believe there was a short crop. I do not think it was rust.

Mr. F. M. Ross: There was rust that year, but it may not have hit there.

By Mr. Argue:

Q. There must have been some reason for that 8 per cent, be it typographical, mechanical, an elevator shut down, or something extraordinary.—A. Yet that is what can happen and that is the problem you run into in attempting to work out a car cycle. It shows that there is competition in the elevator business because of the variation which exists at that particular point.

Mr. JOHNSON (*Kindersley*): What was the percentage of elevator capacity by the pool and by McCabe at that point?

The WITNESS: I have the Elevator Yearbook over at my hotel. My recollection is that it shows McCabe this year at 60,000 as against 80,000 for the pool. That would be the capacity of the elevator and, I presume, the annex. I do not know if they have an annex there but I take it that that is the total capacity of the elevator and the annex.

By Mr. Argue:

Q. And it has varied in this period of time?—A. Yes, but there would not be much trouble—I will give you the total deliveries for the two elevators. For McCabe, over that period, it was 686,000, and for the pool it was 1,423,000.

You have heard witnesses here pointing out that one elevator can handle $1\frac{1}{2}$ million under exceptional circumstances in a single season. So there would be no question but that they could handle $1\frac{1}{2}$ million without an annex.

The committee has heard considerable about the tariffs. One of the briefs submitted discussed tariffs, and there have been a number of questions asked by the committee concerning the cost of operation and the revenue of elevators.

We have had a series of graphs prepared relating to country elevator operations from 1939 up to the year 1952-53. These graphs were presented to the Board of Grain Commissioners and I believe they will be of interest to this committee.

I shall file them with the committee for whatever reference the committee might wish to make to them. The charts are based upon information supplied by the Alberta Pacific Grain Company (1943) Ltd., Federal Grain Limited, Pioneer Grain Co. Ltd., National Grain Co. Ltd., and Searle Grain Co. Ltd., representing approximately 2,000 country grain elevators operated in the three prairie provinces; the official records of the Board of Grain Commissioners and the Canadian Wheat Board; the Harper Construction Company on Elevator Construction Costs; the official figures of the Dominion Bureau of Statistics on cost of living index and maintenance and repairs, and the records of the Assessment Department of the Association on Municipal Taxation.

These charts show the maximum storage tariff set by the Board of Grain Commissioners for the years 1939-40 to 1952-53. They show the elevator agent's average salary compared with the cost of living index.

You will see in there the elevator agent's salary starting at \$102.54, which was the average for the year 1939-40, and that it increased to \$205.08 at the end of that 1952-53 season; and there has been a further increase since then.

Now, relating to construction costs, you will see that while a standard 55,000 bushel elevator cost \$15,600 to build in 1939, it now costs \$46,800; that is for an elevator equipped with a cleaner.

On the question of maintenance and repairs to elevators, taking 100 as your base figure, it is now up to 280, an increase of almost 300 per cent.

In regard to municipal taxation, the average tax paid per elevator in 1939 was \$161; and that is now up to \$434.

Now then, I believe the members of the committee will be interested in perusing the chart relating to the use of storage capacity of country elevators. This is the average by months in the year 1950-51.

The total capacity at country elevators was 208 million bushels; and the peak which storage reached was 62.4 per cent of capacity; and it was down to as low as 36 per cent of capacity.

In the year 1951-52 the peak use of storage capacity in that year was 54.2 per cent, with a low of 24.3 per cent. The capacity of all elevators in that year was 296 million bushels.

In 1952-53 the capacity of all elevators—that is of country elevators—had increased to 313 million bushels. In that year the peak was reached in March, when it was 69.5 per cent and the low was 42.3 per cent. So you will see that in those years there was a great amount of unused storage space in those elevators, and we do not make money out of unused storage space.

Then there are two terminal charts in here to which I shall make reference later but the final chart you will also find interesting.

The final chart gives the figures of export movement from Canada going back to 1926-27; and they show a fairly constant line over the years.

Then we show the use of storage space and you would almost think that we needed to have elastic elevators to handle this problem which we have met in storing farmers grain.

We have had to spend a tremendous amount of money in building additional storage which, over a large part of this period as you will see, was never in use.

This chart also shows you, in addition to the monthly stocks in storage, the monthly export of wheat and flour. It gives the total country and public terminal elevator storage capacity and the crop production.

If you care to study those charts I think you will realize the problems that the elevator companies face in the building and use of elevator facilities.

I can recall in the 1930's when there was a series of discussions among the companies as to the scrapping of as much as from $\frac{1}{4}$ to $\frac{1}{3}$ of our elevators in western Canada.

Now, the matter of cost and of prospective revenue from annexes was under discussion by the committee and I have figures here dealing with the prospective revenue from a 30,000 bushel annex based on a storage rate of 1/30 of a cent per bushel, per day.

The size of this annex is 28 by 60 by 20; it is a six bin annex, shingled but not sided; and we have a wood (preserved) foundation and floor; rodded; a flat bottom with conveyor; not painted; capacity, 30,000 bushels.

For such an annex with a capacity of 30,000 bushels, the cost is \$10,000 which is less than the estimated costs which were mentioned here on one or two occasions. The estimated revenue from this annex which will take 30,000 bushels at 1/30 of a cent, with a 10 month storage, would give you a revenue of \$3,000. You would take from that depreciation at 5 per cent which would be \$500. That is not the full depreciation which you could take; you could take 10 per cent. The interest on the investment at another 5 per cent is \$500; municipal taxes \$100; insurance on buildings \$60; and insurance on grain \$180. Repairs would be \$100; shovelling grain would be \$100; and that gives you a total of \$1,540 for expenditures leaving an operating profit of \$1,460.

That amount, less income tax figured at the rate when this was made up of 54.6—there has been a slight reduction since then—the tax at that time would be \$797.16 leaving you a net profit of \$662.84.

No allowance is made for agents' salaries, superintendence, or management costs.

Assuming the annex is full of grain for 3 years and empty for 2 years out of a 5 year cycle, the results would be a net profit for the 3 years of \$1,988.52; and operating expenses in the 2 years, after deducting the items for insurance on grain and shovelling—that is, you take it that there is no shovelling other than in the 1 year—it totals \$2,520 which would leave you a net loss over the 5 years of \$531.48.

The picture is not quite that good because we are not getting the maximum rate of storage of 1/30 of a cent per bushel per day. We are getting 1/35 per bushel per day; and figured on that basis the estimated revenue on 30,000 bushels at 1/35 of a cent, with a 10 month period of storage would give you a revenue of \$2,605.50. And if you take your expenditures of \$1,540 away from that it leaves a net operating profit of \$1,065.50 which, less income tax of \$581.76, leaves you with a net profit of \$483.74. Assuming that the annex is full during three years out of five, your net profit for the 3 years would be \$1,461.31 which, less expenses of \$2,520, would leave you with a net loss over the 5 years of \$1,058.69.

From those figures you will see that from a business standpoint the pools probably showed excellent judgment in not building more annexes than they did. I am not criticising them for not building more. I am just pointing out that in order to handle all their farmers grain they might have taken that loss.

Now then, the whole problem which the grain trade faces, or which the grain elevator trade faces is that of the elevators becoming old and worn out. I do not know whether the committee wishes to hear about that. I recognize the fact that I have taken a lot of your time, but the majority of elevators in the west are from 25 to 30 years old. There has not been a new terminal built in Canada since 1928. Even in the case of terminals which are built of concrete, they become old and obsolete.

The Western terminal at the head of the lakes had to have several hundred thousand dollars spent on its foundation this year; and at the present rate of rebuilding and renewing elevators, it is going to take over 100 years to complete the reconstruction of our existing line of elevators.

Well, of course, we will not be here then to worry about it, but the problem is going to be upon us much sooner than that.

There is a story to tell you on this situation which is facing the trade.

Mr. BLACKMORE: Mr Chairman, up to the present time I think the present witness has given us a most excellent objective picture of the grain situation. Speaking personally, I would like to hear the information which he is prepared to give us.

Mr. BYRNE: I think it is important.

The WITNESS: Just a brief statement, then, on some of the problems which face us.

A problem which faces the elevator trade is that its grain handling facilities—both terminal and country—are deteriorating, through use and age, at a pace at which the finances of the companies do not permit adequate repair, renewal and replacement.

No new terminal elevators have been built in Canada since 1928. One might argue that terminals do not depreciate rapidly but all one has to do is to look at the terminals built 50 years ago and even less, to realize how obsolete they have become and the extent of the repairs and renovations necessary in them. Foundation trouble is evident in some terminals and major repairs and installations are needed in others. The cost of needed repairs and installation of modern fast-handling equipment in terminal elevators would cost many millions of dollars and in most cases is beyond the capacity of the companies to undertake under existing conditions.

In the country the great majority of elevators will be found to be from 25 to 40 years old. Many are older and there has been no major building program since 1928. During the depression years of the 1930's with its series of crop failures, the handling companies were concerned with maintaining their solvency. Throughout the 1930's conditions were such that any extensive renovation of plant was not feasible.

During the War years, elevator companies were not permitted to expand more on maintenance and repair than in certain base years. In addition the men and materials were not available to carry out the volume of work which was permitted under the regulations. The profits of elevator companies were so low in the base years established under the Excess Profits Tax Act, that little was left with the companies after payment of Income and Excess Profits Taxes.

Therefore, in the depression years, followed by the War and reconstruction years—a period of two decades—there was a forced build-up of deferred maintenance and delayed renovation of country elevator properties. In the recent period of large crops, greatly increased operating expenses coupled with inadequate handling and storage charges and high rates of taxation have made it impossible for the companies to undertake adequate programs of renovation or expansion of facilities.

This series of events is gradually building up to a climax which will find Canada with inadequate and inefficient grain handling facilities. In the past Canada has been proud of her grain handling facilities. They have proven adequate to meet the needs of the producer but efficiency can only be secured if handling and storage rates are adequate.

There have been great changes in grain harvesting methods over the past 20 years. Elevators that were modern 20 years ago are no longer so without extensive and expensive alterations. Mechanization of farms coupled with improvements in roads and use of larger trucks have completely revolutionized harvesting and marketing methods.

Larger country elevators, larger scales, hoppers, engines and cleaners are necessary at many points.

To build an adequate elevator 25 years ago, with a capacity of 35,000 bushels, cost around \$12,000. To rebuild and replace that elevator today with a modern plant requires the re-investment of the total depreciation on the old plant plus \$34,800. (A modern country elevator equipped with cleaner today costs \$46,800.) To secure the additional \$34,800 requires the earning of \$75,000 to leave a net of \$34,800 after income taxes. This will indicate the problem which faces elevator companies in the matter of renovating their properties. The earning record of elevator companies over the past two decades is not one which would encourage new capital to seek investment in shares or bonds of grain handling companies.

We feel that the committee should have in mind in their consideration of elevator problems:

1. The increased operating costs which the elevator companies have been compelled to meet.
2. The increased costs of repair and maintenance of properties brought about by:
 - (a) heavy demands being made upon them through large crops and wear and tear occasioned through deliveries by large trucks.
 - (b) increasing age.
3. The need for replacement of obsolete and inadequate facilities.

4. The need for installation of modernized equipment at terminal elevators to speed up the flow of grain.
5. Operating conditions which will prove adequate to encourage re-investment of earnings in grain handling and storage facilities and to induce new capital into the field.
6. We submit that it is in the producers' interest that rates should be provided which will enable the grain handling facilities of Canada to be properly maintained and modernized to meet changing farm practices to best serve agriculture.
7. Companies should be allowed, in good crop years, to create reserves which will tide them over periods of poor crops such as were experienced in the 1930's and in which years it would be impossible to promulgate tariffs adequate to meet present costs.

Finally we would like to point out that the only thing that makes it possible to operate on the modest scale of charges which are in effect today is the fact that the handling companies acquired virtually all of their physical assets at the level of building costs in effect prior to the Second World War, and the large crops which we have handled in recent years. If a company were to enter the field with facilities built at today's costs it would require handling and storage charges far in excess of anything presently in effect.

I added that comment because the matter of charges was discussed in one or two of the early briefs, and the question whether or not we should have these increases.

Now, I shall refer to the subject of terminal elevators.

Mr. BLACKMORE: Would the witness mind mentioning which brief that was?

The WITNESS: I believe that Mr. Phelps dealt with the subject in his brief.

Now, in regard to terminal elevators, the present capacity at the lakehead is 93 million bushels, with a replacement value of approximately \$132 million plus the cost of dock and track facilities. The cost of building a new plant today with a storage capacity of 2,500,000 bushels, and with a workhouse of 500,000 bushels would be approximately 70 cents per bushel for your storage and \$5 per bushel for your workhouse, which would give you \$4,225,000 as a cost to build a new 3 million bushel terminal elevator.

On top of that you would have your dock and trackage which would run, for that size of plant, to about \$600,000.

The companies operating at the head of the lakes and elsewhere—that is the terminal companies, have been faced with complying with the Ontario Labour Code and the cost to all elevators at the lakehead has been approximately \$7,342,000, and coupled with that is a heavy increase in operating costs owing to the dust abrasion of the fans and spouts. As I have mentioned before, there have been no new terminals built since 1928. To make my point, I really have to refer to some of the briefs previously submitted. Mr. Phelps suggested that the government should grant accelerated depreciation to enable a write-off of costs for erection of new elevators. That is nothing new. That is already available to us. The government has indicated that if we would undertake to build new terminals they would give us special depreciation over a three-or five-year period, but no company has seen fit to build any new terminals, and the reason is obvious. The cost is so high, the operating expenses are so high, and the tariffs are too low to encourage building new plants. True, the ter-

minals, under these capacity conditions, might make money, but they do not get these crops more than probably once or twice in a generation. There were two storage additions built at the head of the lakes in the last few years; one had a million bushels and one, I think, had two million bushels.

Now, in the matter of costs at the terminals, labour has been a tremendous problem. In the period 1924-1930, the basic pay rate was 50 cents an hour, and 60 cents for overtime. As recently as 1942, the rate was 50 cents, and the overtime rate 70 cents. At that time you got 60 hours' work for \$30. The rate now is \$1.35 per hour, and \$2.02½ for overtime. Now to get 60 hours' work in the terminals, it costs \$94.50, as compared with \$30 in 1942. Our problems are not over yet. We have demands from the union at the present time for an increase from \$1.35 to \$1.57 per hour, plus 10 cents additional for dust hazard, and other fringe benefits which we estimate would cost an equivalent of 19 cents an hour. They want two additional holidays during the year, three weeks' holidays after 10 years, four weeks' holidays after 15 years, hospitalization and medical services, a pension plan, \$5,000 free life insurance, and 1½ days per month for sickness allowance to be accumulative. So we have additional problems in this labour matter facing us.

In regard to property taxes, again I will take the experience of one terminal. This is a plant of 5,500,000 bushels capacity and is a representative and large terminal at the head of the lakes. In 1939 its assessment was \$1,095,000, the mill rate was 37, and its taxes were \$40,545. By 1953 the assessment had increased to \$1,179,000, the mill rate had increased from 37 to 63 mills, and the taxes had increased from \$40,500 to \$72,071. In this problem of dust collecting equipment, this terminal so far has spent \$264,000, and it is estimated that the cost to complete the work is \$115,000, plus, to complete requirements of hydro-electric code, \$55,000 to \$60,000. This plant estimates that it will cost approximately \$434,000 to install this dust collecting equipment. Once again you will see the problems that they are facing in increasing expenses.

By Mr. Blackmore:

Q. May I ask a question? There would probably be rather rapid deterioration of that dust collecting equipment, would there?—A. Yes, owing to the sand and dust getting into the fans and the blowers, the abrasion from that causes a very rapid deterioration and expense.

Q. It is expensive maintenance?—A. Very.

Q. And replacement?—A. Yes, very expensive.

THE WITNESS: Now, there are two charts here that I would also like to file with you, in case any of the members are interested, dealing with the percentage increase in cost of operation, and dealing with workmen's compensation, repairs, power, taxes and wages and based on the bushels handled. In one case you will see that there is almost a 900 per cent increase in cost. The other deals with the item of salaries and taxes, power and light, and expenses in regard to repairs, and compensation, in dollars. Now, you have before you, I believe, the storage rates and the elevation charges and cleaning charges in the terminals. If anyone is interested, I have these figures, or they can be obtained from the Board of Grain Commissioners.

MR. BLACKMORE: Could they not be put on the record, Mr. Chairman?

THE WITNESS: This shows from 1939 on, the storage rates, the effective storage rates and other charges relating to storage in the terminal. The interesting factor here is that in 1939 our storage rate was one-thirtieth; today it is one thirty-fifth. So we are actually getting less for storage today than we were prior to the war, and in the face of all these increased costs. The next is the chart of elevation charges for the various grains, and the third is the matter of cleaning charges, in which you will see that for the period

1934 to 1940, right down to the present, there has been only a very minor change there in the cleaning charge on oats and flax and rye. So you will see that we are operating virtually under the prewar scale of charges.

The CHAIRMAN: I think that these three charts would fit better as an appendix, because they are the rates of the board applying to all. Is that agreed, that we print this as an appendix?

Agreed.

(See Appendix B)

Mr. BLACKMORE: Before the witness goes on, has he omitted any substantial portion of the material he had intended to give us?

The WITNESS: No, I have been inclined to condense it.

Mr. BLACKMORE: I am quite desirous, personally, that he should not eliminate anything. This presentation is objective and thorough and very, very valuable. Sooner or later the nation has to face the problem of replacement of these elevators, and the impact that will have on the cost of taking care of the grain. That is going to be a serious matter. We have had no presentation that brings out clearly that fact.

The CHAIRMAN: I do not want to interrupt, Mr. Blackmore, but again I must remind the committee that we should not interject any observation at this stage. I think that the witness should feel free to give whatever evidence he feels he wants to give to the committee, and the committee would be very pleased to hear it.

The WITNESS: Now I am going to come to the question of the value of terminal overages and shortages, and I think you will be a little surprised at these figures, because they are mostly in red, which means shortages. This again is the experience of this one large terminal elevator with a capacity of $5\frac{1}{2}$ million bushels and which is, I believe, representative of other companies there. This is back over a five-year period. During the period at July 30, 1949, there were 12 months between weigh-ups—these are all shortages and they are converted to dollars. In wheat the shortage was \$22,307.60; in oats, a shortage of \$398.57; in barley there was a shortage of \$27,814.50; in flax, a shortage of \$58,408; in rye, a shortage of \$11,131.60; or a total shortage in those grains of \$120,060.27. I am later going to give you the results—

The CHAIRMAN: May I make a suggestion? I think it is rather difficult to follow figures in detail. Perhaps the witness could just quote the round figures and then we will hand it to the clerk and he will put the exact figure. It is easier to follow if it is in round figures.

The WITNESS: I think that some explanation as to those shortages in the previous year might be of interest to you. In that period the crop was threshed from dry and there were many broken grains, and it is a partial answer to the shortages which occurred in all grains in that year. I am informed that you could not detect these cracks in the grain except under a magnifying glass. As it went through the cleaners, the grain cracked up and, consequently, got into screenings. For the weigh-up of July 15, 1950, a 12-month period, the shortage in wheat was \$45,078.51; the shortage in oats, \$14.95; and overage in barley, \$2,644.91; an overage in flax, which is extraordinary to occur in flax, of \$7,102.05; a shortage in rye of \$10,423.58; giving a total shortage in dollars for that year of \$45,770.08.

The weigh-up of May 3, 1951 covered a 10-month period. The shortage in wheat was \$38,222; the overage in oats, \$3,791.13; the shortage in barley, \$1,755.17; shortage in flax, \$8,149.41; shortage in rye, \$12,014.03; giving a total shortage for that year of \$56,349.48. That was a tough and damp crop.

The next weigh-up was December 16, 1952, covering a 20-month period. The shortage in wheat was \$75,769.52; the overage in oats was \$21,045.75; the overage in barley was \$974.39; the shortage in flax was \$36,434.84; the overage in rye was \$9,293.90; a total shortage for that year of \$80,890.32.

The following weigh-up was December 7, 1953, and covered a 12-month period. The overage in wheat was \$10,193.68; the overage in oats was \$19,934.88; the overage in barley was \$1,133.80; the shortage in flax was \$11,032.88; the overage in rye was \$1,997.71; and for the first time in five years there was an overage of \$22,227.19, in their overage and shortage account. For the five-year period, the total shortage in dollars was \$280,842.96, so that you will see from this that I should probably reverse the term "overages and shortages" in regard to terminals and make it "shortages and overages".

Now, we have, relating to those figures, a chart showing the gross and net figures. That would be rather burdensome for you, and I do not know whether you would want to listen to it all. I will give you the final figure, and if you wish this could be inserted.

The CHAIRMAN: Agreed.

The WITNESS: I will take it for the five-year period. I would like to take the five-year period which relates to the dollar figures just given. For 1949, there was a gross average of .071 per cent. In 1949 there was a gross of .071 per cent and a net deficit shortage of .411. In the 1950 weighover there was a gross overage of .008, and a net shortage of .431 per cent. In the 1951 weigh-up there was a gross shortage of .094 and a gross net shortage of .332. In 1952 there was a gross shortage of .052 and a net shortage of .116. In 1953 there was a gross overage of .132 and a net of .084. Now, there is quite a variation, you will see, in these figures, and I think you have to bear in mind the fact that in these terminals all the weighing is done by official government weighmen. The Board of Grain Commissioners' report indicates that they have a weighing staff of 260 men, of which 155 are located at the head of the lakes. Now, every morning and several times during the day these scales are tested by these weighmen, but still overages and shortages occur. If that can happen where there are these expensive scales constantly supervised, I think you can understand the position in the country, and appreciate the fact that these country agents can come as close as they do in weighing grains. As a matter of fact, the country operation compares very favourably with the terminal operation in accuracy of weighing. You gentlemen from the west who have been in elevators are familiar with all that they have to contend with, with snow and wind that affects their weighing. The scales for the most part have to be built in all types of soil. As you drive over the roads, you see what happens, even to our paved roads out there, with the constant heaving through the winter. An elevator scale is subject to the same thing. We put down concrete eight or ten feet deep, but in Winnipeg we know that in spite of what we spend on our basements, houses heave and we have expensive repairs. We maintain in the country repair men who go around these scales and are experts in their work. They are constantly supervising the scales, and I think that as you study this matter and study the country figures in relation to the terminal figures, you will arrive at the decision that these country elevator agents are doing a remarkable job in coming as close as they do to accurate weighing. I do not think accurate weighing down to any smaller fraction is possible.

The next subject I would like to deal with is that of screenings in the terminals. This has come in for considerable discussion, and a few remarks on that may be of interest, particularly to some of those interested in feeding in Ontario. Under normal operating conditions, terminal elevators ship only two classes of screenings: No. 1 Feed screenings, constituting 15 per cent of

EASTERN TERMINAL ELEVATOR COMPANY LIMITED
PORT ARTHUR, ONTARIO

OVERAGES AND SHORTAGES—IN POUNDS

Date of Weighover	Wheat	Oats	Barley	Flax	Rye	Mixed Feed Oats	Mixed Grain	Screenings	Total	Percentage Overage Shortage
July 30/49.....	Gross Handling..... Over or Short..... Net Handling..... Over or Short.....	55,349,350 18,218 55,349,350 18,218	62,006,350 1,059,604 62,006,350 1,059,604	112,481,551 817,745 112,481,551 817,745	62,478,589 458,413 62,478,589 458,413	375,830 4,014,539 375,830		32,252,458 112,954 1,435,090	834,939,328 592,375 804,121,930 3,309,530	0-071% 0-411%
July 15/50.....	Gross Handling..... Over or Short..... Net Handling..... Over or Short.....	367,808,660 1,772,500 367,808,660 1,772,500	11,913,638 65,560 11,913,638 65,560	7,436,480 107,928 7,436,480 107,928	24,598,650 327,401 24,598,650 327,401	178,290 2,148,114 178,290		15,818,243 199,013 588,890	459,384,221 36,378 444,154,808 1,912,723	0-008% 0-431%
May 3/51.....	Gross Handling..... Over or Short..... Net Handling..... Over or Short.....	379,358,180 1,476,140 379,358,180 1,476,140	83,806,930 149,882 83,806,930 149,882	66,975,620 73,740 66,975,620 73,740	3,647,323 128,193 3,647,323 128,193	103,900 682,520 103,900		12,926,566 635,458 171,590	571,602,486 540,010 558,847,510 1,867,988	0-094% 0-332%
Dec. 16/52.....	Gross Handling..... Over or Short..... Net Handling..... Over or Short.....	1,778,398,440 3,178,960 1,778,398,440 3,178,960	259,937,855 914,406 259,937,855 914,406	329,830,192 167,524 329,830,192 167,524	39,606,598 416,112 39,606,598 416,112	86,871,632 187,295 86,871,632 187,295	348,390 145,740 348,390 145,740	53,920,790 1,433,233 145,890	2,549,342,542 1,335,835 2,495,587,612 2,891,107	0-052% 0-116%
Dec. 7/53.....	Gross Handling..... Over or Short..... Net Handling..... Over or Short.....	1,101,607,590 210,393 1,101,607,590 210,393	180,901,304 1,024,491 180,901,304 1,024,491	295,198,358 48,212 295,198,358 48,212	29,420,531 194,697 29,420,531 194,697	72,626,792 180,250 72,626,792 180,250	683,410 149,550 683,410 149,550	32,503,171 2,049,888 170	1,713,180,906 2,264,574 1,680,677,995 1,418,199	0-132% 0-084%

NOTE: Overages appear in standard type. Shortages appear in italics.

the total shipped from the terminals, and refuse screenings, representing 85 per cent of the total shipped. 1-Feed screenings are the result of intensive cleaning operations by specially designed machines which recover broken grain and wild buckwheat. These screenings are equal in feeding value to 3-Feed barley. They are highly regarded in eastern Canada by feeders of hogs. 1-Feed screenings are recovered from the original dockage set by the inspection department. While the amount of 1-Feed screenings recovered from dockage varies from year to year, it averages about 15 per cent. These high-grade screenings are all consumed in Canada. While, generally speaking, only 1-Feed screenings and refuse screenings are shipped by terminal elevators, it is proper to note that there are at times deviations from this otherwise general practice. It is common during periods of heavy receipts for terminals to get behind in their cleaning operations and at such times space is frequently at a premium. It requires intensive cleaning to get a grade of 1-Feed screenings, and occasionally a terminal, because of its cleanings and storage position, will stop short of the final goal and offer 2-Feed screenings for sale.

1-Feed screenings permit of not more than three per cent of small weed seeds, chaff and dust combined, not more than five per cent ball mustard, not more than six per cent small weed seeds, chaff, dust and ball mustard combined, not more than eight per cent wild oats. 2-Feed screenings permit of not more than three per cent small weed seeds, chaff and dust combined, not more than 10 per cent ball mustard, not more than 10 per cent small seeds, chaff, dust and ball mustard combined, not more than 49 per cent wild oats. The discounts for 2-Feed screenings usually range from \$2 to \$5 per ton under 1-Feed screenings.

In regard to refuse screenings, these screenings are the residue of the dockage after the broken grain and wild buckwheat have been removed. They consist of chaff, small noxious weed seeds and bran dust off the grain. While refuse screenings look like so much trash, they are acceptable as dairy feed in the United States. It is most fortunate for Canada that the terminal operators have been able to develop this market, because past attempts to dump them in the lake and otherwise dispose of them have been stopped by the government. Virtually all refuse screenings are shipped to the United States. At times an infinitesimal amount of these refuse screenings is used in Canada. In disposing of these screenings, the sale and movement must be made in accordance with the rigid requirements of the Noxious Weeds Acts of the provinces to which they are shipped. A permit is rarely asked for and is rarely given. The cleaning and processing of the screenings involve the use of expensive cleaning equipment. It is only through this cleaning and processing that it is possible to segregate the refuse screenings to a point where they can gain entry to the United States under a classification which enables their entry without imposition of prohibitive duty. It is most important to bear in mind that all grain and all by-products of grain and grain cleanings, including screenings, entering or leaving a terminal elevator are subject to rigid government inspection.

Now, you will be glad to know that I am entering the final stages of this submission. I would finally just like to review some of the remarks in regard to overages. The United Grain Growers have cited this conclusion.

The board of directors of United Grain Growers Limited believes that it is not practicable to deal with grain shortages and overages at country elevators under any other system than currently prevails.

Later in the brief it says:

The small overages to which the shrinkage allowance gives rise need not be a matter of concern.

With regard to net weight overages, they said:

As to net weight overages which are associated with grade losses resulting from overgrading by country elevator agents, these should give rise to no concern. They arise from competition in elevator service, and it is highly important that such competition be preserved.

You will recall that the U.G.G. did impress on the committee that competition does exist, and I think the quotes I have read to you from the Saskatchewan Pool report indicate that competition exists. The president of the Alberta Wheat Pool pointed out that competition between elevators, from which the producer generally benefits, is an important factor in the final results. In regard to net weights, he said:

...we do not think it would be physically possible to show any closer results in net weights than the figures covering our operations would indicate.

In regard to weights, grades and dockage and the administration of the Act, they said:

We believe that the Canada Grain Act, competently administered as it is, by the Board of Grain Commissioners provides ample protection for the producer in assuring him of accuracy in weights, grades and dockages, to conform as closely as possible to government standards.

In conclusion, I would just like to say in regard to the elevator trade and the men and women engaged in that industry—and I say “women” advisedly because the head and principal owner of one of the very large companies is a woman—that we are jealous of our reputations. We, like you, do belong to chambers of commerce, Canadian clubs, and so on, and take part in local activities, and we value our reputations. We do not appreciate having things said about our operation such as are being said in the country at the present time. We know this committee cannot stop them from being said. As I pointed out, it was being said, to my personal recollection, 45 years ago, and it will be said as long as there is a grain industry in Canada. It is fortunate that there are farmers’ companies operating, because I think they can come to you and you know very well that the story they give you is from the farmers’ standpoint. I think that a study of these figures will show and prove to you that the operations of the line companies are precisely the same as those of the pools and the United Grain Growers. There is the same degree of honesty in the operation of these elevators. Now, our proposal is this. The only alternative which we can propose is that of turning over to the proper authorities all gross overages in return for a guarantee against gross shortages. This might be possible through turning over gross net overages to the Canadian Wheat Board and receiving their guarantee against any loss in gross net weights. This could be arrived at by taking the gross weight of all grain and dockage received at a country elevator against the gross weight of that grain delivered to the terminal elevator or mill, plus the shrinkage allowance. If there was any overage it would be turned over to the Wheat Board, less the average of dockage on grain handled by the company. If there was a shortage on gross weight, plus shrinkage allowance, the Wheat Board, or government would make good the shortage to the company.

This proposal is not without problems. The Minister of Trade and Commerce pointed out a hazard in the House of Commons on May 30, 1951 (unrevised *Hansard*, pages 3542-3543), when he said:

Those who are familiar with the provisions of the Canada Grain Act know that the Board of Grain Commissioners have no power to weigh-over country elevators or to take possession of overages that

occur. I believe it would be mistaken policy to take such powers, because the principle of seizing overages implies that the Crown should make good on losses. Because of the competition prevailing among the country elevator companies, the underwriting of losses would lead to competitive abuses in that direction.

Mr. Howe laid his finger on the problem when he referred to the "competitive abuses" which might arise. In the competitive struggle between elevator agents to obtain the handling of the farmers' grain, an agent, knowing that he was protected by the government against shortage in weights, might tend to be less careful in his weighing than at present.

These are matters to be considered in dealing with the problem of weighing grain in country elevators. The elevator companies do not desire revenue from overages—neither can they afford, under the existing tariff of handling and storage charges to assume losses.

Thank you, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Lamont. Are there any questions?

By Mr. Argue:

Q. I would like to say that it was very interesting to get the views on handling as presented to this committee. With regard to my own community of Kayville—Mr. Lamont probably told the committee this, and I may have forgotten—I was wondering where those figures were obtained.—A. At six o'clock this morning I was not sleeping very well, and so I phoned to Scott Neal, the secretary of the McCabe Grain Company and asked him if he would get me from their records the percentage handlings of the two companies. Now, my understanding of the way they are secured is that on the daily report form the agent sends in to his company a record each day as to the handlings at the point. That would be made up from the record received by the agent. Sometimes an agent does not want to give the exact figure to his company. His records may not be very good for the day, and he might not show the exact amount—I do not know, but I have heard of it happening. But I would take those figures as being substantially correct that come from the secretary of the company.

Q. Those reports come from the Kayville elevator agent at different times? —A. Yes.

Q. I presume that what was shown was the percentage figure given by McCabe's added up and subtracted from 100, and the balance must have been the pool, because it is a two-elevator point?—A. No, they would get fairly close weights from the cars shipped. They would know fairly well from that. But the only way we could get down to the exact figure would be if the pool produced its figures and McCabe produced its figures from the record, and then it would be down to the bushel.

Q. I, as a farmer at Kayville, have not any way of knowing except by watching the trucks go by and talking to my neighbours. I am interested in this figure of 8 per cent for 1945-46. Should that not be 80 per cent?—A. No, the deliveries for that year were 12,000 to McCabe's and 1,000 to the pool. That is what I was pointing out to you, the danger of percentages.

Q. We will go into some of the dangers of percentages. The total mean average of the percentages you have given was 61.7. That is my figure.—A. 67 per cent for the pool.

By Mr. Argue:

Q. No, the mean average of the percentage figures you read on the record is 61.7. I have taken the percentage figures that you gave, as I heard them.—A. That does not mean anything, once again. If you take the bushels it is more accurate.

Q. But I am saying that the mean average of the percentage figures you read on the record is 61·7. It could be wrong.—A. I would take almost anybody's arithmetic rather than my own.

Q. I am the same very often. The other is 67·4, you say. I got 67·4, but I think it was nearer to ·5 and I changed it to 67·5. Your statement shows that 423 million bushels were delivered. From the pool elevator at Kayville, 686 million bushels were delivered.

The CHAIRMAN: 686,000.

Mr. ARGUE: There were 1,423,000 bushels to the pool.

The CHAIRMAN: Right.

By Mr. Argue:

Q. 686,000 bushels to McCabe's for a 10-year period in which there was a good deal of congestion during certain periods of that time. I had said, as I recollect, that from my experience as a farmer at Kayville, I would say that in a normal year it would be quite in order, it would be quite possible for the pool elevator to handle 85 per cent of the grain, and I think that that statement is correct.—A. But if you look at another year when there was no congestion, in 1946-47, the total deliveries that year were 37,000 to McCabe's and 27,000 to the pool. The pool got only 42 per cent that year. These figures vary. I indicated here that this whole question of car distribution is theoretical. We have one view; you have another. I do not think that we will ever get together.

Q. I would not be hopeful of that, no. In that 10-year period when there was a good deal of congestion in parts of the 10-year period, the pool elevator at that point handled twice as much grain as McCabe's and handled an extra 50 million bushels to come up to a percentage.—A. What 50 million bushels? I do not get what you mean.

Q. I multiplied 686 by 2 to get a 2 to 1 ratio, and then I found that not only did the pool handle twice as many bushels as McCabe's, but they handled 2 to 1 plus 50 million bushels.

The CHAIRMAN: 50,000 bushels.

By Mr. Argue:

Q. I have been talking about millions for so long that I cannot get back to thousands. I know that point very well, and I think that Mr. Lamont told me that he has a sister who lives not far from there. He may or may not know the area.—A. I have been there only once.

Q. You have points where you find the pool ordinarily does a substantial part of the business and other points where they ordinarily would not. In that locality there is a co-operative store that is doing, I presume, as large a percentage of business in that field as the elevator point; perhaps even more. But these figures—and I might say in passing that the McCabe elevator agent at my home point, Dan Daniels, has been there for a few years now. He is a particularly good agent, and has a good standing in the community and knows every farmer so that the personal factor would enter into it. The handling of grain at the McCabe elevator at Kayville, with Dan Daniels there, has at least been equal to, shall we say, the pool elevator, and certainly, if the personal factor counts for anything, the McCabe elevator has the benefit of that personal factor.—A. Possibly you will be giving them some business.

Mr. ARGUE: I have not yet. I have to weigh personal friendship and personal qualities with certain other beliefs that I have. I do not say from that that I have never delivered grain to a line elevator, because I have, but I have

not, as it happens, delivered grain to the line elevator company at Kayville. But that gives a ratio of 2 to 1 on these figures of handlings, even part of them in a congested period. This is a very good example of the reason why farmers and some of the members of this committee, at any rate, are pressing for some different method of box car distribution. We have heard from Mr. Milner and we have heard from others, and there have been changes in the formula, but very often it is "one box car to each elevator". Sometimes it is a percentage of the stocks on hand related to the capacity and so on of the various companies, and the percentage is arrived at on that basis, but nevertheless, no matter whether it is a method being used at the moment or one that was used two or three months ago, it certainly results, at a point like the point where I live, at which there is some other method of box car distribution, in farmers believing—and I think they have every right to believe—that they are not allowed to deliver to the elevator of their own choice, as they should. I am not too well acquainted with this, but for Mr. Lamont's information, and I give him the information for what it is worth, during some of these years, I would not say the car order book was not in effect, but an arrangement was made, as I understand it, between the McCabe elevator agent and the pool elevator agent as to what they thought was the best kind of a car distribution that could be worked at that time. It was done on this basis, as I was told, at least, by the pool agent. Probably McCabe and the pool agent thought that if the box car distribution was made in any other way it might get down to 50, where it was 80 before. They made an arbitrary arrangement among themselves—I do not know if you have heard of this before, but that is what they told me—to make it 60-40, or something like that. There are factors like that. My general statement of 85 per cent might have been too high, but I think it is substantially correct, and I think even the figures, that Mr. Lamont has given us bear out my contention that farmers on the present basis of box car distribution are not able in any way to deliver to the elevator of their own choice, and it is an inequity that should be corrected.

The CHAIRMAN: Are there any other questions? Could we not dispose of the witness now? It might be difficult to meet this afternoon, and we will have to hold him over till tomorrow.

Mr. ARGUE: It has been a one-sided brief so far.

Mr. CASTLEDEN: We have not had any opportunity to ask questions as yet.

The CHAIRMAN: I am putting the question now to you and it is up to the committee to decide.

Mr. ARGUE: Maybe we could finish in 40 minutes.

The CHAIRMAN: Unless we can sit this evening.

Mr. BLACKMORE: Would the committee seriously object to meeting next week? I understand that Mr. Lamont said he would be willing to stay over.

The CHAIRMAN: I hate to keep Mr. Lamont here over the week-end.

Mr. JOHNSON (*Kindersley*): We could sit for half an hour and see what happens at that time. I think that we should make an effort to accommodate the witness as much as possible.

Mr. STUDER: Is Mr. Lamont the last witness?

The CHAIRMAN: Yes. That is entirely in the hands of the committee as to what you prefer to do. Would you prefer to come back this evening? Is that agreed?

Agreed.

EVENING SESSION

The CHAIRMAN: I think we can now proceed. The witness had just finished his evidence before we adjourned. As a matter of fact, we had reached the question period.

Mr. Cecil Lamont, of the Northwest Line Elevator Association, recalled:

The CHAIRMAN: Now, Mr. Argue.

By Mr. Argue:

Q. At 1 o'clock, Mr. Chairman, I had been going over some of the figures which Mr. Lamont had given to the committee in regard to the handlings at Kayville, the point where I live.

As you will recall, I had made a statement earlier in the proceedings of this committee that my home point was a very excellent example of a point where, because of the method of box car distribution being used, the pool elevator was bound to suffer; and it was my opinion, given free competition at that point, that in many years it would be the ordinary procedure for the wheat pool there to handle probably 85 per cent of the grain coming to that marketing point.

But as a counter argument, Mr. Lamont read into the record figures that he gave to be correct for the pool handling at the Kayville elevator point over the past ten years, and he gave as the pool percentages figures varying anywhere from 8 per cent to 84 per cent. That 8 per cent figure was given for the year 1945-46.

I felt at the time that there must be something wrong with those figures although I could not give an explanation from memory.

I might say to the committee that when the discussion was on, Mr. Castleden, the member for Yorkton, went out and sent a wire to Wes. Ball, vice president of the Saskatchewan Wheat Pool. The wire read as follows:

Wire figures of wheat pool deliveries and percentage at Kayville for 1945 and any explanation Urgent.

A wire came back which reads as follows:

Reference wire to Mr. Ball. He is attending IFAP meeting in Nairobi. According to our records total station receipts at Kayville was approximately 30,000 bushels of which pool elevators handled 25,200 bushels. Must have been crop failure at Kayville that year. Do not know whether competitive elevator stayed open all season or not. Regards.

George W. Robertson.

It seems to me that that telegram constitutes a very substantial correction of the figures which Mr. Lamont read into the record.

As you will gather from the telegram, there was no request made for information as to other years. But according to the telegram the figures which Mr. Lamont put on the record are entirely wrong. Perhaps the figure 8 was a typographical error in the telegram. I do not know. Perhaps it should have been 80. But in any case, it shows that in that given year the pool handled well over 80 per cent of the grain at Kayville.

I want to put that on the record to substantiate the statement I made that at least that was one point where the pool, given a competitive year, could handle a very large percentage of the grain.

A. What was the total given?

Q. The total given was 30,000.

A. As to the source of those figures—after you asked that question, I telephoned to Winnipeg again and had those figures checked to see whether there could have been any possible error in the transmission of the wire. And the figures were exactly the same as those which I had quoted.

I stated the source of those figures, and the secretary of the McCabe grain company informed me that the McCabe figures are their actual handling figures.

Then they took the total figures which are shown in the Sanford-Evans yearbook, which is a little booklet put out by the Sanford-Evans statistic service, showing the total shipment from each and every shipping point in western Canada, and they showed figures for that year making a total of 13,000 bushels.

If you deduct 12,000 from 13,000, it comes out to 1,000. There are only 2 elevators at that point. The error is in the Sanford-Evans statistical service figures produced for Kayville.

Q. May not the error have been this: that a lot of the grain bought by the pool was not shipped out that year. Is that not possible? Therefore, while you were deducting your 12,000 from the McCabe figure, there may have been a lot which was not shipped out.—A. How the Sanford-Evans statistical service would explain it, I do not know. But the figures were given to us as reliable. I specifically asked them to check up on this year. I said: "What happened at Kayville that year? Was there frost, or rust, or just what happened?"

The secretary of the company did not know. He went to the general superintendent, Mr. Thomas, and he did not know either. And as I recall it, you did not know.

Q. There was a short crop in 1945. I did not know what possible explanation there could be for a pool handling of 8 per cent.—A. I could not understand the figures myself. That is why I pointed it out. And I checked up on the actual capacity of the Saskatchewan pool elevator at Kayville. In the current crop year, it is 82,000; and the McCabe elevator capacity there is 65,000 bushels.

The CHAIRMAN: Now, Mr. Castleden.

By Mr. Castleden:

Q. There was one question I wanted to have confirmed by Mr. Lamont. He stated that the organization which he represents believes thoroughly in the principle that every farmer should be allowed to deliver his grain to the elevator of his own choice.—A. Yes.

Q. You are heartily behind that principle, and in that regard you would allow the farmer to deliver to the pools if he wished?—A. You mean that every farmer should be given a free choice to deliver?

Q. I am very glad to have it on the record, that you are saying that along with the rest of the Pools.—A. With no interference by the government, or by government regulations, or by regulations of any other body with allowing the farmer to exercise his own choice.

Q. What do you mean by that?—A. To give the farmer a free choice.

Q. You mean to allow the farmer to deliver his grain to the elevator which he chooses, and if he wants to deliver to the pool, he does so, and if he wants to deliver to any other elevator, he is free to do so?—A. Providing the other elevator can handle it. But if that elevator does not provide the facilities to handle it, then how can the farmer deliver to it?

Q. That is one problem he has had to face. He has not had the box cars. I am glad to have that principle established, but it seems to me at the present time where he is going to deliver is decided entirely by the Wheat Pool; they now allocate the grain orders to the various companies as they decide; and there may be a problem ahead of us in regard to being sure that we are getting a fair share of the business.

At the present time I understand that is the way it is done. The Wheat Board says: we order the pool to deliver so many hundred cars of a certain grade of wheat from a certain area; and they order one of the line companies to deliver so many cars of wheat of a certain grade from a certain area. You will arrive at a time when there will be free deliveries and there will not be the congestion there is today. It might be a determining factor and might keep control over wheat deliveries because it is going to be business on the basis of the orders that are given by the Wheat Board to the elevator companies.

The other premise you made today was that the president of the pool stated that they had 100,000 members at the present time. I think that is a misapprehension. I think it is likely the record would show the Saskatchewan Wheat Pool in the whole term of its operations in the last 28 years has had 100,000 members.

The CHAIRMAN: No.

Mr. STUDER: That was in respect to a question I had asked Mr. Wesson when I made the comparison of deliveries and he mentioned he had about 100,000 members—close to 100,000 members.

The CHAIRMAN: Why not let the record speak for itself.

By Mr. Castleden:

Q. I think they probably pay out dividends to about 80,000 farmers. Many of them have retired over the years. But, I do think this is true that there are probably 70 per cent of the active farmers in the province of Saskatchewan who are pool members and if so I would say that the pool if it were allowed free delivery would probably handle between 60 and 70 per cent of the grain. Owing to the distribution of boxcars they have not been permitted to deliver to the elevator of their own choice.—A. I would not agree with you, and I will tell you why. Do you want the answer?

Q. Yes.—A. Any farmer can become a member of the Saskatchewan Wheat Pool by the payment of \$5.

Mr. ARGUE: \$1.

The WITNESS: That is even better. I join quite a number of organizations and pay \$1 or \$5, but it does not mean that I give my heart and soul to them. Those men who join—first let me tell you I know because I was with the co-operative movement in Saskatchewan and I started off in the grain business with the Saskatchewan Co-Operative Elevator Company and I know something of cooperatives and of the loyalty which exists among some members. Some of them are merely there to get patronage dividends. It may be that some of these pool members were customers who could not get into our elevators at some time and who had to deliver their grain to a pool elevator. Naturally they will take the patronage dividend, but to get it they have to pay the \$1 to be a member. Maybe they are customers who have been in the pool, but they have not sold their business for all time to come to the pool by any means.

Q. I was not implying that.—A. I read your statement in parliament that 70 per cent of the grain did go into the pool. 70 per cent has never gone into the pool. 45 per cent would be about the average. For a few years it might have got up to 50 per cent. I will go to a free delivery period. Take

1937. I think the wheat crop was $2\frac{1}{2}$ bushels per acre in Saskatchewan and the elevators were cleaned out. Now, the next year there was a fair crop in Saskatchewan. But even with the size of the crop the pool could have taken care comfortably of 100 per cent of the crop. On the other hand if you go back in that period I think it might be that the pool had approximately 85,000 members. I do not recall exactly. They did not get any 85 per cent of the crop. They never had anything like the percentage of the crop that they have of the total farmers as members, delivering to them.

Q. I do not believe that they have 85 per cent of the active farmers as members.—A. They claimed here that they had 90 per cent of the farmers.

Q. However, even during the free delivery period they did not get all the boxcars they wanted. The boxcars were divided rather arbitrarily. For those five years, during the free delivery period, during that time the pool was able to build its business up until it had 50 or 51 per cent of the boxcars. Then when you get down to 1945 and 1944—and I believe the figures for this year are even down a way below that— —A. The year is not ended yet. I think if you will go through the pool records in the course of the year there is a fluctuating figure and if you will look at the figure next July it will be another figure.

Q. Perhaps a little fight may change the picture and get the Wheat Board to allow more delivery of grain. I am living in an area pretty heavily pooled and I am dealing with farmers day after day and I know what their feeling is. Today many farmers would like to deliver grain to their own pool, and cannot do it, and I know hundreds of farmers who are foregoing the right of delivering grain at all, and still have not delivered their three bushel quota, because they could not get it into the elevator of their own choice. They wish to deliver to their own company; it means more money to them. It means three cents a bushel to them. Three cents a bushel on a few million bushels is an important thing to a farmer these days. It means quite a bit to the farmers, but today they cannot deliver their grain when they want to. If you would open this up and let the farmer deliver the grain to the elevator of his own choice the pools will be quite pleased and quite satisfied.—A. At this point I would like to tell you that our companies have hundreds of farmers also who would like to deliver their grain but are not able to get them into the line elevators. There is the same situation.

Q. Then have your line elevators suffered a loss in the percentage of business over the past?—A. Certainly. We are suffering all the time.

Q. Have you lost a percentage of your business in 1953 as compared with 1949 and 1950?—A. There would be points. Are you talking about every pool point?

Q. No. Your percentage of grain you handle in the province of Saskatchewan as compared with the pool. They used to handle 50 per cent and now the pool only handles 45 per cent.—A. What year?

Q. 1953.—A. The pools have been operating for 30 years. Why pick out one or two years.

Q. In the past two or three years the distribution of box cars has interfered with the free delivery of grain and during that period of time the pools have suffered and the line companies have gotten a larger percentage of grain due to the distribution of boxcars.—A. The line companies have suffered too.

Q. Have you suffered losses of the percentage of grain?—A. Some have.

Q. If the pool handlings, are down, your handlings must be up. If we are only handling 45 per cent, you must be handling 55 per cent.—A. Look at your total business which was 214 million last year. Elevators can handle only so much grain.

Q. The pools can handle far more than they are handling this year?—A. So can we. That is the point.

Q. That is not the point. The point is that the line elevator companies are handling a larger percentage of grain because of the distribution of box cars in the past two years.

Right Hon. Mr. HOWE: What is all this going to benefit? We have had evidence on this point many times.

Mr. CASTLEDEN: It goes to prove—

Right Hon. Mr. HOWE: It goes to prove to me that you are both exaggerating a bit.

Mr. CASTLEDEN: Is it agreed that 45 per cent, Mr. Minister, is an exaggeration for the wheat handlings for last year for the pool? The government's own figure was 50 per cent for 1949 and 1950. Are those exaggerated. If they are, the government's figure is exaggerated.

Right Hon. Mr. HOWE: Your statement that the pools' handlings would be 70 per cent; that is an exaggeration.

Mr. CASTLEDEN: I will make this statement, that: if you allow free deliveries and let them go and run them without trouble and let the pools carry on in the building of the co-operative movement, if it is not interfered with in time it will handle 70 per cent of the business.

Right Hon. Mr. HOWE: Mr. Lamont and I were working for co-operatives before you were born. I started in 1915 and he started before that.

Mr. CASTLEDEN: Well, my own opinion is that you progressed in the wrong direction. I heard him say the other day when he started out he went back to when his father settled in Manitoba.

The WITNESS: In 1882.

Mr. CASTLEDEN: Yes, and my father before that in Saskatchewan, and he was not a bloodsucker; he was just a sucker.

The WITNESS: Just a moment; don't you ever call my father a bloodsucker.

Mr. ARGUE: Oh, come on!

The CHAIRMAN: Order. I think there is too much cross-fire here in the first place and it is impossible for the reporter to get it down. We cannot get the record straight that way; so if you will all address your questions to the chair that will do away with a lot of trouble. Now, direct your questions to the chair.

By Mr. Castleden:

Q. I meant no offence to him referring to his father any more than when he was referring to mine. I didn't say that his father was a bloodsucker. There was no intention of offence. It was merely he had said that the line elevators had been called bloodsuckers.—A. They were called, I think, by that venerable old gentleman, Mr. Lennox, "bloodsucking vampires."

Q. The point is this gentleman said he was working in cooperatives long before I was born. He must have started a long time ago. And the minister—I don't know what cooperative organization he was in in 1895.

Right Hon. Mr. HOWE: Well, that was perhaps a little early. That is when you were in grade school.

Mr. CASTLEDEN: Maybe the minister is exaggerating then too.

The CHAIRMAN: Suppose we get back to the point before us.

Mr. CASTLEDEN: Mr. Chairman, this is the point I want to make clear. I think it should be recognized that with 50 per cent of the grain being handled in the free delivery period 1949-1950 by the wheat pools of Saskatchewan, they received approximately their share of the business at that time. Since that time the allocation of box cars has been on the basis of direction from some other

source and the result has been a drop in their business done to 45 per cent to 46 per cent of total. If that is so then 55 per cent or 54 per cent of the business must have gone to the other elevator companies. The allocation of box cars has meant a loss to the pools in the over-all picture in percentage of handling in that province for the year and it must similarly, if my arithmetic is correct, have meant an increase in the percentage of business handled by the line elevators.

Right Hon. Mr. HOWE: Not necessarily. Mr. Brownlee was in here and he said that his company, which is not a line elevator company, has had a big increase. What about taking his position into account as well?

By Mr. Castleden:

Q. We will include his figures along with the line elevators. The U.G.G. are included with line elevators on the figures put out by Sanford Evans. But the point I am putting out is that the wheat pools have lost in that period and many thousands of farmers lost on account of not being allowed to deliver their grain. They will support your efforts to move towards the day when they can deliver their grain to the elevator of their own choice and to take their share of your patronage dividends being refused to them at the present time.—A. I take that as your observation, but I would like to make this observation. Possibly they are attempting to handle more grain than they can handle with their facilities. Possibly they should be building more facilities to handle the grain their members want them to handle. I believe at the present time during their annual meetings they are under pressure to build additional facilities. It may be that under conditions such as they exist today that there are not sufficient grain handling facilities, but I indicated to you in the evidence this morning that in the thirties we were seriously considering demolishing about one-third of the elevators which then existed.

Q. I would like to say on that question that I asked a representative of the wheat pool employees association and other representatives from the pools if they could handle more of the grain, they said they could, that they had the facilities for handling far more than they have been allowed to get under the present distribution of box cars in our province.

By Mr. Johnson (Kindersley):

Q. Mr. Chairman, earlier in your remarks, Mr. Lamont, you mentioned that free competition existed in the grain trade today, If I took down your statement correctly. Would you explain to me what form this competition takes in a congested area?—A. We are not in the business only for today or tomorrow; we have been in business for the last sixty or seventy years in the west and we will be in business for a long, long time yet, and when we are doing business with the farmer today in a congested situation we are not taking advantage of him, that is, any agent would be very foolish to attempt to take advantage of the farmer because of any congestion. Our men are out competing and looking for building up business today for tomorrow. There is always competition in the grain business.

Q. You mean present-day competition takes the form largely of good will? —A. If there is no place left to haul their grain to naturally it will have to go into the elevator that has some space, but there is always competition in the grain business. You heard the evidence from the other witnesses who operated large lines of elevators. If you were out in the field as an agent you would fully realize the competition that exists.

Q. Well, Mr. Chairman, I can tell Mr. Lamont that I have been out in the field as a farmer and I have not seen that competition existing in congested areas because you do not have the ability to bargain with the agents over

the quality and dockage of your grain because there is only one elevator company that might at certain times have room to take it. So I would question whether competition today takes an active form but rather I would suspect in the form you suggest of good will and past experience.

You also mention, Mr. Lamont, that the dissatisfaction in connection with box car distribution was largely synthetic and has been stirred up. Would you care to elaborate on that as to what factions it is that have been synthesizing this dissatisfaction and stirring it up?—A. The Farmers' Union and the Saskatchewan Wheat Pool.

The CHAIRMAN: Any more questions?

By Mr. Johnson (Kindersley):

Q. Yes, I have more. You mentioned further that the proposed changes were to the advantage of Saskatchewan pools rather than the farmers. I believe you were referring to a cyclical method of box car distribution.—A. That reference was without naming it there. I was dealing there with another section. I discussed the car cycle after that. Prior to that I was discussing the other phase which was discussed in the House of Commons which I think was referred to as the Argue bill.

Q. Hearing you mention this so-called Argue bill which outlines a principle of allowing the farmer to deliver to the elevator of his choice, would that system be more preferable in your opinion than the system of cyclical distribution?—A. We would suggest that the best system is the car order book.

Q. Mr. Wesson said that in periods of congestion the car order book is ineffective. I think Mr. Wesson's word is generally accepted, in view of his long experience in the grain business. Would you care to comment on the system proposed of allowing the farmer to sell at the elevator to which he wishes to deliver his grain?—A. Well, I think the House of Commons acted very wisely in the action they took.

Q. Further, Mr. Lamont, you remarked that any system of box car allocation would remove incentives to build additional storage space. Further on in your remarks you pointed out that the net loss on a temporary annex would be \$1,058.10 over a five-year period. It would certainly look to me at any rate to be to the advantage of your company to have a system that would prevent you from making this tremendous loss annually over this period.—A. Perhaps we have been foolish, but we have built many annexes.

Q. The two statements certainly do not seem compatible.—A. Annexes are not needed at all for the handling of grain. You could get along very well in handling even this crop without annexes, but we provide a service to our customers and we are facing a loss in providing that service.

Q. Tying in with that, the amount of storage space you have to construct depends on the amount of box cars that are spotted at your elevators, is that not correct?—A. There would be various reasons that would bring about a decision to build an annex.

Q. Would that not be a primary consideration?—A. I do not know. We have 20 different managers, and they would arrive at their decisions in 20 different ways.

Q. It appears to me, as was pointed out by, I think, Mr. Parker or Mr. Plumer, that the elevator could handle up to 10,000 bushels of grain in a day if the box cars were available.—A. I do not think that the agent would last very long. He would have a breakdown or something.

Q. I agree that he was using a maximum figure, but at the same time it points up the fact that if the box cars were allocated according to the delivery preference of the farmer he would not need the same amount of storage

space to handle the same quantity of grain.—A. Well, I do not suppose the railways were built to handle grain alone, and they can not operate having regard to grain only.

Q. How does that fit in with my statement?—A. You just cannot always get enough box cars for an elevator to fit your needs.

Q. I would agree with you that there are certain storage requirements over and above that in the elevator, there are necessary in periods of congestion, but the point I am making is that with box cars allocated according to the delivery preference of a farmer, the elevator company that he would select would not need the same amount of storage space as that of the opposition.

Right Hon. Mr. HOWE: May I make a brief comment? Do you not think that you are getting this car distribution question a little out of proportion? I often wonder what the members from the maritimes think the problems of the west are. Apparently they go away with the impression that if we could give the pool all the handlings they wanted there would be no other grain problem. Do you realize that Canada is competing with every other country in the world that is trying to get rid of grain, and our ability to compete depends on having the grain at the right price at the right time and of the right quality? Is that not the paramount problem? I realize that it would have been an advantage to the Saskatchewan Pool, if, instead of handling, say, 210 million bushels last year, it might have handled 260 million. That is important, but I do not think that that is our biggest problem. I think the problem in the farmers' minds is: how much grain can they market, not with any one particular agency, but how much grain can they market? That is the over-all problem, and the one that we in the government are slugging at. We are going to try to solve this problem of car distribution, but if we do not solve it no great principle is going to be violated. No one is going to have any serious loss. Why flog away at a problem which, in the light of all the problems facing the wheat producer today, is a very minor one?

Mr. JOHNSON (*Kindersley*): Mr. Minister, in that same regard, in view of the over-all condition, this perhaps can be relegated to a position down the ladder, but to the individual farmer it has been a problem that has been increasingly significant over the past number of years, and I feel that it is our responsibility to present that view.

Right Hon. Mr. HOWE: You have presented it. You have had evidence from Mr. Wesson that it is a serious problem. You had evidence from M. Parker that it is no problem at all; he is indifferent to what happens. You had evidence from Mr. Plumer that he does not regard it as very serious at all, but he would like to see a car cycle. What more evidence can you get on that point? We accept that evidence, and we are trying to see what we can do with it.

Mr. JOHNSON (*Kindersley*): I think that that perhaps would express our point of view. At least we are on the record, both in the debates in the House of Commons and in the committee, as being strongly in favour of this. I would suggest that the eastern members might concern themselves in that same regard with trying to get an extension of the Canada Grain Act to cover all of Canada. I do not notice that they have been putting up any concerted effort to do that.

Right Hon. Mr. HOWE: The trouble is that the man who wrote the British North America Act did not make that possible. The only reason that grain grown in the western provinces can be handled by the federal government and brought under the Canada Grain Act is that it is mainly grain for export.

Mr. JOHNSON (*Kindersley*): I think that that would satisfy my inquisitiveness for the moment. I thank the minister for his assurance that something is going to be done for this problem.

Mr. PURDY: Let me get one thing clear. Is it a fact that every grain producer in Saskatchewan produces the same amount of grain?

Mr. ARGUE: I would guess not.

Mr. PURDY: What is the argument about, that if they have so many customers at the pool that they must get so much grain? It is like one horse, one rabbit.

By Mr. Argue:

Q. Mr. Lamont went back and in one year he took box cars again—1937—and he said the Wheat Pool could have handled all the crop, but the Wheat Pool handled only 45 per cent of the crop. Is that the figure?—A. The figures were in the hands of the reporter when I spoke this morning. It was approximately 45 per cent.

Q. Approximately 45 per cent. Then in the chart and what you gave us in the Sanford evidence about the capacity in 1943-44, the Wheat Pool percentage of capacity, the furthest year back was 39 per cent?—A. I did not talk about capacity at all.

Q. I know, but I am saying that in 1943-44, the furthest year away for which we have the percentage capacity, the percentage capacity of the Wheat Pool in Saskatchewan was 39 per cent. The trend has been up. I take it that the trend was up, or I would assume that it was up from 1937 to 1943. It has been up ever since.—A. They have been acquiring a few more elevators.

Q. So that with a handling percentage of less than 39 in 1937, the Saskatchewan Wheat Pool handled 45 per cent of the crop—in a year you took as one which would prove your point. But in the present crop year, even though the Saskatchewan Wheat Pool percentage of capacity has increased from a figure below 39 to a figure of 44, its handlings have fallen to 43 or thereabouts?—A. You are taking a figure in mid-season. You do not know what the figure is going to be at the end of the year. You have to take completed years.

Q. It will not be far off 43.—A. I do not know.

Q. It cannot be far off 43.—A. You know more about future grain deliveries than I do. I think you should wait till the end of the year.

Q. Unless the minister gets his car cycle going. If the Wheat Pool handled only 49 per cent of the grain in 1947, it did that with a handling capacity a good deal less.—A. You are talking about capacity as compared with handling.

Q. Yes.—A. Well now, you might be interested in an observation on that. You will find throughout that the pool gets smaller; that is, when it handles its relative proportion in proportion to its capacity. I am not making myself very clear and I should have said their percentage of handling is greater than their percentage of capacity and it has been so every year. This might interest you: the three wheat pools—and as I told you their financial statements are public documents—if you will examine those statements as I have, you will find that the three wheat pools spend each year—and have done so for the last 25 years or so—a total of between \$500,000 and \$700,000 annually for field service and propaganda of various sorts. That has resulted in their getting additional business. We consider this is a fairly expensive way of getting business; but they get that extra percentage to be sure. They have to keep their numbers stirred up all the time about the cooperative movement and delivering to pool elevators and so on. As I say, that costs them a good deal of money and I think you will find the average is closer to the upper figure which I gave you. I would think a lot of groups would like to have \$700,000. I can imagine there are groups here who would be interested in it. If you had \$700,000 a year to spend on propaganda you could do many

things with it, but we do not choose to spend that kind of money on propaganda. Possibly you have their propaganda expenses. Get the pool statements and you will see what they spend each year. We do not choose to do that. We would rather take a little less percentage of grain and go along and carry on our own business.

Q. What is your percentage spent on "propaganda"—I choose to call it education or advertising—but what is your figure in that field for the line elevators?—A. I would say in recent years it would amount to a few hundred dollars for advertising.

Q. All advertising for the Northwest Line Elevator Association?—A. Yes.

Q. And the companies involved?—A. The average company puts out a small ad once a month in the weekly newspapers in the area in which they are located.

Q. What would you say is the total cost of all advertising for the line companies including the association?—A. Well, the large number of the companies—the major companies—advertise through one agency and it would amount to about \$17,000 or \$18,000 total for the year.

Q. For the whole works?—A. For the group of companies which advertise through the Grain and Milling Advertising Service Limited.

Q. One figure for one chain of advertising—all right.—A. I will tell you, however, that it is nowhere near the other figure. We do not operate a field service staff. You heard here about the field servicemen who go out for the pools—

Q. They go out for the pools and the cooperatives and the grain clubs.—A. I am not criticizing and we are glad to see them spend money in that way, but we think that it is an expensive way of getting a small extra percentage of business.

Q. But I will suggest to you if the line elevator company spent dollar for dollar with the pool they would not get anywhere near the results.—A. That is your opinion. I do not know and we certainly are not going to try it.

Q. No, because you could not make money doing it.

By Mr. Castleden:

Q. I would just like to say this, that farmers generally back up what the minister has said that they value the Wheat Board and what it is doing.—A. You heard what I said this morning; we endorse the resolution of the Canadian Federation of Agriculture. We are not fighting the Wheat Board.

Q. I just want to put this on the record. The minister said that he thought we were stressing car allocation a little too much, I would say that might possibly be because the farmers of the west have fought for 30 years now to get their wheat pools established and they are very jealous of their welfare. They do not like to see anything that might tend to undermine them. They are anxious about them. They agree too, that a big job is being done by the Wheat Board so far, and they endorse it.—A. I thought I told you yesterday that when the Wheat Pools were threatened with the loss of their facilities following the 1929 debacle, that we wired to the Prime Minister urging the Government to do what it could to assist in keeping those facilities for the farmers.

Q. So what?

The CHAIRMAN: Will there be any more questions? Mr. Struder?

Mr. STRUDER: A change of subject.

Mr. HARRISON: Just before we change the subject, Mr. Castleden just said the pools have fought for 30 years to establish their position. I think

something has been just as important and has required as many years to establish here is the car order book and I think that has been the greatest safeguard any farmer has ever had.

The CHAIRMAN: Can we finish with the witness? Mr. Studer, is your question to the witness?

Mr. STUDER: No, it is not a question to the witness, but it is a change of subject.

The CHAIRMAN: If there are no further questions to the witness, we will conclude with that part of it and go on with the report. Before we go any further, possibly we could carry the appendix to the Board of Grain Commission's report.

Mr. ARGUE: What are your plans, Mr. Chairman, for the balance of our committee meetings?

The CHAIRMAN: If we carry this we will then have one more meeting next week at our leisure—and try to pick a time that clashes the least with other committees—to hear someone from the Dominion Experimental Farm on the subject of leguminous seeds.

Mr. ARGUE: On what?

The CHAIRMAN: Leguminous seeds.

Mr. ARGUE: Oh yes, I thought we had a new invention!

The CHAIRMAN: Soybeans and the leguminous crops. There is no hurry.

Mr. ARGUE: If we get through the report tonight are we then finished until next week?

The CHAIRMAN: We will be finished with the Board of Grain Commissioners as such. Then we will have the other meeting and then we will be through.

Mr. ARGUE: When we have completed with the report of the Board of Grain Commissioners—the blue book—we are finished tonight?

The CHAIRMAN: Yes, and I do not think there is anything left in the report which would take us very long so if you will take your blue book we will proceed.

There is only appendix "A" on page 19 and that was carried.

Appendix "B"—"Committee on Grain Standards"—that was dealt with. It is only the names of the officers and that is carried.

Hon. MEMBERS: Yes.

The CHAIRMAN: Appendix "C" is just the grain appeal tribunals. Carried.

Appendix "D" is the report of the license and bonding branch which was referred to.

Carried.

Appendix "E" is the report of the registration branch.

Carried.

Appendix "F" is the report of the grain inspection branch.

Carried.

Appendix "G" is the report of the grain weighing branch.

Carried.

Appendix "H" is the report of the statistics branch.

Carried.

Appendix "I" is the report of the grain research laboratory.

Carried.

Appendix "J" is the operation of the Canadian government elevators which was extensively referred to.

Carried.

Appendix "K" is the report of revenue and expenditure.

Carried.

Appendix "L" is simply the regulations of the board as listed.

Carried.

Now, is there anything else before we adjourn?

Mr. STUDER: Mr. Chairman, I would like to make a comment, if I may, and that is to express my appreciation at being permitted to be associated with this agricultural committee during the period of time we have had the witness before us. I wish that every farmer in western Canada could have participated in the discussion, and heard the witnesses and others during this past period of time. It almost amounted to a royal commission inquiring into grain handling. The farmers of western Canada are most certainly interested. They are very definitely interested. However I believe that they are somewhat confused out in the west in connection with the operations of grain handling. I think that we, as a body of responsible men should do all in our power to create whatever confidence we can among the farmers. I believe that we, as members of Parliament, are trying to do as good a job for them as it is possible for us to do, and I believe that they have confidence in our work as members.

Mr. ARGUE: Are we on speeches, now, Mr. Chairman?

Mr. STUDER: Yes, we are. Everyone knows that much had been broadcast which was misinformation. I am sure all of us want to tender all the information that we can for the benefit of the farmers. We have heard the different witnesses, and the recommendations of the farmers union. In regard to all the witnesses that have been heard, I have been surprised that they did not recommend any particular change in connection with the operations of the Wheat Board, or of the Board of Grain Commissioners, or in regard to diversion, or in regard to overages. It would seem that they were all in agreement, because there have been no motions or amendments that diversion charges shall be deleted, or that overages shall be disposed of. We have followed a very free and extensive discussion of the rectification of the box car allotment situation and I think that is all to the good.

But some of the things which disturbed me—because I think they affect the confidence of the farmers very much—were the reports made about us when the Board of Grain Commissioners were the witnesses. I offer this suggestion with absolutely no malice or motive whatsoever for what benefit it may be to the farmers in regard to the confidence that they may have in our grain operations and in the principles that operate that business in our western country. I hold no malice against anyone and I give everyone the right to say everything he may wish to say. But I was disturbed when I read the charges concerning the Board of Grain Commissioners, using words such as "inefficiency", and words like "incompetence", "highly excessive dockage", which appeared in certain western papers and on the front pages, and in the words of newsreports such as I hold in my hand from the *Winnipeg Free Press* and other papers in western Canada.

It says: "farmers losing faith in Grain Board."

A CCF member of the parliamentary agriculture committee charged Wednesday that dockage on farmers' grain taken by country elevators is "highly excessive".

The same member also claimed that western farmers are losing faith in the personnel of the Board of Grain Commissioners.

I have no malice or forethought, but I would say that if this type of information and news has been spread in western Canada, as it has, according to the report and according to the record, and I think the report is correct, then I think the individuals who made these statements should have the opportunity of substantiating those statements or withdrawing them.

I think it is of interest to us western farmers that one or other of those things should be done if we are going to have a future in this country in which we can operate in the best interest of the grain organizations and in the best interest of the farmers of western Canada.

I do not want to feel that we have been working hard all of our times in the interest of the western farmers and then have it destroyed in one statement by an individual, unless he is prepared to substantiate it or to withdraw it. That is the idea I leave with the committee now.

Mr. JOHNSON (*Kindersley*): Mr. Chairman, on a question of information, is it the general practice at the conclusion of the report for those who have not said much during the enquiry to make up for it at the end, or is it the general practice for everyone to make statements of his own opinion?

The CHAIRMAN: I do not think you seriously expect an answer from the chairman on that question. Anybody else?

Mr. McLEOD: I am more or less a novice in this committee. Are we going to bring in any resolutions or any suggestions, or is this just an inquest into the grain business?

The CHAIRMAN: We were instructed to review the annual report of the Board of Grain Commissioners and the annual report of the Canadian Wheat Board; and once we have completed all our evidence, we will meet and discuss what we will report to the House.

Mr. McLEOD: And there is nothing else referred to the committee except the grain business?

The CHAIRMAN: So far, no. But next week we will take up leguminous crops.

Mr. McLEOD: But there are other areas in Canada besides the prairie provinces.

Right Hon. Mr. HOWE: In past years we have considered different matters. Two years ago it was livestock which was the controversial problem at that period. But as a matter of routine we do, every year, refer the report of the Wheat Board and the Board of Grain Commissioners to this committee for study and report, and that has been done this year. It happens to be the only business that has been referred to us by parliament. But we have had other years and other problems.

The CHAIRMAN: Parliament could refer anything that has to do with agriculture if it so chooses. Does that answer your problems.

Mr. ARGUE: I did make the statement on the basis of the evidence we had that the board was, in my opinion, incompetent and inefficient and I do not intend to change any statement I made unless such a statement is unparliamentary and not in accordance with the rules of the House. I think that the various newspaper reports that have appeared in western Canada can scarcely be taken as what I said. What I said and what every member of this committee has said will be and is part of the record of this committee.

It was recommended by this committee a year ago that this committee study the Canada Grain Act. We have been studying so far the annual report of the Canadian Wheat Board and the annual report of the Board of Grain Commissioners. We have had in our study of that annual report of the Board of Grain Commissioners some reference made at times to different parts of the Canada Grain Act, but I suggest we have not done a thorough study of the

Canada Grain Act step by step as I believe the committee a year ago intended that we should do. I think the minister's statements in the House will bear out that contention. We have, however, dealt with various aspects of the Canada Grain Act as we have, one way or another, the annual report of the Board of Grain Commissioners.

The first people to come before the committee were the Canadian Wheat Board. Speaking for the Canadian Wheat Board was Mr. George McIvor, the chairman, and Mr. William Riddell, commissioner, and Mr. Robertson was here but he did not say anything until the meeting was adjourned. I believe that both Mr. Riddell and Mr. McIvor, as I said at that time, placed before the committee the facts, disclosed the answers, gave us full answers to the questions we asked, and showed in their appearance before this committee a very full—yes, an extraordinary—knowledge of the grain business and on the basis of the evidence of the Canadian Wheat Board I for one believe that the Canadian Wheat Board is being managed efficiently and in the interests of the western producer.

When we got the Board of Grain Commissioners here, however, it was a different story. We asked them questions; we got answers; and then the answers were changed and this happened one time after another. The first thing had to do with the publication that apparently they did not know at the time was being published. That might be one of the minor points but that was at least one of the points. Then, Mr. Milner told the committee something that I think was misleading. I don't say he put it before the committee to mislead the committee, but I say the evidence was incorrect—I will put it that way—and that is that in his opinion and from his experience it had been a rather common occurrence that elevator operators would give a better grade in exchange for having taken excessive dockage with the agreement of the producer, and I said at that time and I repeat again tonight that as far as I am concerned I had never heard of that practice being done and as far as I was concerned—and I repeat—the overwhelming majority of elevator agents in Canada in all companies are honest and just as honest and just as honourable as the members of any other occupational group.

We have had testimony from the line elevator association, the U.G.G., the three western wheat pools and each of those companies in answer to questions said it was their instructions to their agents to take accurate weights, accurate dockage and accurate grades, and I say that that statement of Mr. Milner's cannot be borne out by the evidence that we had before the committee.

I am willing to let the record speak for itself as far as any statement I made on excessive dockage is concerned. I think that probably came out of the question I asked Mr. MacKenzie—I have not the publication with me here at the moment—in regard to the final gross and net overages. I may say when I was asked those questions I really did not have the foggiest notion as to what the real difference was between gross overages and net overages, but it would seem to me—and I think I am correct—that it was the net overages that accounted for value as far as the elevator company was concerned. I was attempting to get an explanation as to why the net overages were four times as great as the gross overages. I did not get that explanation from the Board of Grain Commissioners.

I was endeavouring to learn what explanation there might be for such a large difference in the net overage and the gross overage. While this has nothing to do with the committee itself I happened to speak to Mr. Mills of the wheat pool employees' after that session and he said, "Well, I can answer that question very easily. There is nothing to that. The gross overage—and this was before we got the authoritative, shall we call them, explanations from the people in the grain business, the companies themselves—the

explanation provided is very simple: you watch your gross overage. That is the main one, that is the important one because the gross is the weight and that is the important one. As far as the net overage is concerned you get into the matter then of screenings, recleaning, upgrading, mixing, etc., and if your gross overage is about right and your net overage is not unduly different I do not think you have anything to worry about."

I am saying that merely to point out that I asked the Board of Grain Commissioners for the information that I expected they came here prepared to give this committee and I was not able—and the record I am sure will bear me out—was not able to obtain from them this information.

I said that I felt that thousands of farmers were losing faith in the Board of Grain Commissioners. That statement is not based on the statement that just came out that day but my own knowledge of the Farm Union organization, their membership and their attitude. I believe Mr. Phelps said—I won't repeat it as strongly as he did—but he made the statement and members of this committee will know that he made the statement that what he had gone on up until the time that he gave his statement would justify any criticism that the Farm Union have made of the Board of Grain Commissioners.

I repeat once again on the basis of the record of this committee I believe the Canadian Wheat Board has done, is doing and will continue to do a sound, efficient job marketing the farmers' grain and as the minister has said tonight that is the all-important, that is the main problem. If the Wheat Board is able with assistance from the Department of Trade and Commerce, assistance in the way of government policy, to market a substantial quantity of grain, then that is the most important thing, but I do suggest that on the basis of the evidence we were given at this committee I cannot do anything but allow the statements I have made to stand.

The CHAIRMAN: Are there any more questions? Then that completes the evidence. As I said, if it meets with your approval I will try to arrange a meeting at the best possible time next week. So far the most likely date, and the one that clashes least, would be Wednesday afternoon. What do you think of Wednesday afternoon?

Mr. McLEOD: I do not know how many members are going, but is there not a laboratory that we are invited to on Wednesday afternoon?

Right Hon. Mr. HOWE: Open house in the National Research Council. It will be worth-while. You should not meet on that date.

The CHAIRMAN: Wednesday is out, then. We will try to work it in Thursday afternoon sometime. Then I will call the steering committee together to consider the preliminary draft of our report, and then we will call a general meeting in camera to consider the report itself.

Agreed.

Possibly I have been remiss, because I have not placed on the record the names of the members of the steering committee. The steering committee is made up of: Messrs. Mang, Anderson, Roberge, Pommer, Argue, Dinsdale and Yuill.

I will entertain a motion to adjourn.

On the motion of Mr. Pommer, the committee is adjourned.

APPENDIX "A"

THE CANADIAN WHEAT BOARD
423 Main Street, Winnipeg

May 17, 1954

Mr. Rene N. Jutras, Chairman,
Standing Committee on Agriculture and Colonization,
House of Commons, Ottawa.

Dear Mr. Jutras:

During the recent hearings on the Canadian Wheat Board, Mr. D. S. Harkness requested information on new sales by The Canadian Wheat Board for the period from August 1st to January 31st in each of the crop years from 1946-47 to 1952-53 inclusive. The following is the information.

Period	Bushels
August 1st, 1946 to January 31st, 1947.....	268,661,592-55
August 1st, 1947 to January 31st, 1948.....	137,201,161-07
August 1st, 1948 to January 31st, 1949.....	120,537,639-21
August 1st, 1949 to January 31st, 1950.....	138,292,235-11
August 1st, 1950 to January 31st, 1951.....	181,116,372-48
August 1st, 1951 to January 31st, 1952.....	223,602,393-32
August 1st, 1952 to January 31st, 1953.....	223,843,233-25

Yours very truly,

(signed) G. McIvor,
Chief Commissioner

TERMINAL ELEVATOR

STORAGE RATES

As At JULY 31

—	Rates authorized by Board of Grain Commissioners for Canada	Wheat-Oats- Barley-Flax- Rye	Mixed Grain	Screenings	Number Days free Storage
		Rates Applied			
	Per Bushel	Per Bushel	Per Hundred Pounds	Per Hundred Pounds	
		Effective rate			
1939-40.....	1/30¢	1/30¢	2/30¢	1/10¢	15
1940-41.....	1/45¢	1/45¢	2/30¢	1/10¢	15
1941-42.....	1/45¢	1/45¢	2/30¢	1/10¢	15
1942-43.....	1/50¢	1/50¢	2/30¢	1/10¢	15
1943-44.....	1/50¢	1/50¢	2/30¢	1/10¢	15
1944-45.....	1/50¢	1/50¢	2/30¢	1/10¢	15
1945-46.....	1/45¢	1/45¢	2/30¢	1/10¢	15
1946-47.....	1/30¢	1/30¢	2/30¢	1/10¢	15
1947-48.....	1/30¢	1/30¢	2/30¢	1/10¢	10
1948-49.....	1/25¢	1/25¢	2/30¢	1/10¢	10
1949-50.....	1/25¢	1/25¢	2/30¢	1/10¢	10
1950-51.....	1/25¢	1/30¢	Per Predom- inating Grain	1/10¢	10
1951-52.....	1/30¢	1/35¢	"	1/10¢	10
1952-53.....	1/30¢	1/35¢	"	1/10¢	10
1953-54.....	1/30¢	1/35¢	"	1/10¢	10

EASTERN TERMINAL ELEVATOR COMPANY LIMITED
PORT ARTHUR, ONTARIO

OVERAGES AND SHORTAGES—IN POUNDS

TERMINAL ELEVATOR ELEVATION CHARGES

—	Wheat Oats Barley	Flax	Rye	Mixed Grain Per Hundred	Screenings Per Hundred	By Car lot Extra Charge
1939-40.....	1½	2¢	1½	2¢	3¢	
1940-1.....	1½	2¢	1½	2¢	3¢	
1941-2.....	1½	2¢	1½	2¢	3¢	
1942-3.....	1½	2¢	1½	2¢	3¢	
1943-4.....	1½	2¢	1½	2¢	3¢	
1944-5.....	1½	2¢	1½	2¢	3¢	
1945-6.....	1½	2¢	1½	2¢	3¢	
1946-7.....	1½	2¢	1½	2¢	3¢	
1947-8.....	1½	2½	1½	2¢	3½¢	½¢
1948-9.....	1½	3½	2½	3½	4½¢	½¢
1949-50.....	2¢	3½	2½	3½	4½	½¢
1950-1.....	2¢	3½	2½	Per Pre- dominating Grain	4½	½¢
1951-2.....	2½	3½	2½	" "	4½	½¢
1952-3.....	2½	3½	2½	" "	4½	½¢
1953-4.....	2½	3½	2½	" "	4½	½¢

TERMINAL ELEVATOR CLEANING CHARGES

As at 1934-40—

Wheat	Dockage—under 3% no charge, 3% to 5%— $\frac{1}{2}$ ¢ per bus. $5\frac{1}{2}$ % to 10%—1¢ per bus. over 10%— $1\frac{1}{2}$ ¢ per bus.
Oats	Dockage—under $5\frac{1}{2}$ % no charge, $5\frac{1}{2}$ % to 10%—1¢ per bus, over 10%— $1\frac{1}{2}$ ¢ per bus.
Barley	Dockage—under $5\frac{1}{2}$ % no charge except malting grades on which will be $\frac{1}{2}$ ¢ per bus. $5\frac{1}{2}$ % to 10%—1¢ per bus. over 10%— $1\frac{1}{2}$ ¢ per bus.
Flax	Dockage—up to and including 5% no charge, over 5% to 10%— $1\frac{1}{2}$ ¢, over 10%—2¢ per bus.
Rye	Dockage—under $5\frac{1}{2}$ % no charge, $5\frac{1}{2}$ % to 10%— $1\frac{1}{2}$ ¢, over 10%—2¢ per bus.

Changes,

1940-41

Oats	Dockage—under 3% no charge, 3% to 5%— $\frac{1}{2}$ ¢, $5\frac{1}{2}$ % to 10%—1¢, over 10%— $1\frac{1}{2}$ ¢ per bushel.
Barley	Dockage—under $5\frac{1}{2}$ %— $\frac{1}{2}$ ¢, $5\frac{1}{2}$ % to 10%—1¢, over 10%— $1\frac{1}{2}$ ¢ per bus.

1943-44

Flax	Dockage—under $5\frac{1}{2}$ % no charge, $5\frac{1}{2}$ % to 10%— $1\frac{1}{2}$ ¢, over 10%—2¢ per bus.
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1945-46

Rye	Dockage—under 3% no charge, 3% to 5%— $\frac{1}{2}$ ¢, $5\frac{1}{2}$ % to 10%—1¢, over 10%— $1\frac{1}{2}$ ¢ per bus.
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1948-49

Flax	Dockage—under $5\frac{1}{2}$ % no charge, $5\frac{1}{2}$ % to 10%—2¢, over 10%— $2\frac{1}{2}$ ¢ per bus.
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1950-51

Rye	Dockage—under 3%— $\frac{1}{4}$ ¢, 3% to 5%—1¢, $5\frac{1}{2}$ % to 10%— $1\frac{1}{2}$ ¢, over 10%—2¢ per bushel.
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1951-52

Flax	Dockage—under $5\frac{1}{2}$ % no charge, $5\frac{1}{2}$ % to 10%— $2\frac{1}{2}$ ¢, over 10%—3¢ per bus.
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As at 1953-54

Wheat	Dockage—under 3% no charge, 3% to 5%— $\frac{1}{2}$ ¢. $5\frac{1}{2}$ % to 10%—1¢. over 10%— $1\frac{1}{2}$ ¢ per bus.
Oats	under 3% no charge, 3% to 5%— $\frac{1}{2}$ ¢, $5\frac{1}{2}$ % to 10%—1¢, over 10%— $1\frac{1}{2}$ ¢ per bushel.
Barley	under $5\frac{1}{2}$ %— $\frac{1}{2}$ ¢, $5\frac{1}{2}$ % to 10%—1¢, over 10%— $1\frac{1}{2}$ ¢ per bushel.
Flax	under $5\frac{1}{2}$ % no charge, $5\frac{1}{2}$ % to 10%— $2\frac{1}{2}$ ¢, over 10%—3¢ per bushel.
Rye	under 3%— $\frac{1}{4}$ ¢, 3% to 5%—1¢, $5\frac{1}{2}$ % to 10%— $1\frac{1}{2}$ ¢, over 10%—2¢ per bushel.

HOUSE OF COMMONS

First Session—Twenty-second Parliament
1953-54

STANDING COMMITTEE

ON

Agriculture and Colonization

Chairman: RENÉ N. JUTRAS, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

Respecting

Report of The Canadian Wheat Board for the Crop Year 1952-53
Supplementary Report of The Canadian Wheat Board on the 1952-53 Pool
Account—Wheat
Report of the Board of Grain Commissioners for Canada for 1953



THURSDAY, MAY 27, 1954

TUESDAY, JUNE 1, 1954

INCLUDING SECOND REPORT TO THE HOUSE

WITNESS:

Dr. F. Dimmock, Forage Crops Division, Central Experimental Farm

STANDING COMMITTEE
ON
AGRICULTURE AND COLONIZATION

Chairman: René N. Jutras, Esq.
and
Messrs.

Anderson,	Forgie,	Michaud,
Argue,	Fulton,	Montgomery,
Batten,	Gingras,	Murphy (<i>Westmorland</i>),
Blackmore,	Goode,	Perron,
Boucher (<i>Chateauguay-</i>	Gour (<i>Russell</i>),	Pommer,
<i>Huntingdon-</i>	Harkness,	Poulin,
<i>Laprairie</i>),	Harrison,	Purdy,
Bruneau,	Huffman,	Proudfoot,
Bryson,	Johnson (<i>Kindersley</i>),	Roberge,
Byrne,	Kickham,	Schneider,
Cardiff,	Kirk (<i>Antigonish-</i>	Stanton,
Castleden,	<i>Guysborough</i>),	Stick,
Charlton,	Lusby,	Studer,
Clark,	MacKenzie,	Tucker,
Decore,	MacLean,	Villeneuve,
Demers,	Mang,	Weselak,
Deslières,	Massé,	White (<i>Middlesex East</i>),
Diefenbaker,	Matheson,	White (<i>Waterloo South</i>),
Dinsdale,	McBain,	Wylie,
Fontaine,	McCubbin,	Yuill,
	McLeod,	Zaplitny—60.

(Quorum 20)

E. W. INNES,
Clerk of the Committee.

REPORT TO THE HOUSE

WEDNESDAY, June 2, 1954.

The Standing Committee on Agriculture and Colonization begs leave to present the following as a

SECOND REPORT

On March 15, 1954, the House referred to the Committee the Report of The Canadian Wheat Board for the crop year 1952-53, together with the Report of the Board of Grain Commissioners for Canada for 1953. On April 12, 1954, the Supplementary Report of The Canadian Wheat Board, on the 1952-53 Pool Account—Wheat, was also referred to your Committee.

During the consideration of the above-mentioned reports, this Committee has held twenty-one sittings and heard evidence on grain from the following:

1. The Canadian Wheat Board.
2. The Board of Grain Commissioners for Canada.
3. The Saskatchewan Wheat Pool Employees' Association.
4. The Interprovincial Farm Union Council.
5. The United Grain Growers Ltd.
6. The Alberta Wheat Pool.
7. The Saskatchewan Wheat Pool.
8. The Manitoba Pool Elevators.
9. The North-West Line Elevators Association.

and also from a representative of the Central Experimental Farm on leguminous crops.

Your Committee wishes to express its appreciation for the information and assistance tendered by the various witnesses.

Your Committee was seized with the difficulties of moving grain in times of successive record production, commends the Minister of Trade and Commerce for his active consideration of the problem and recommends it to his continued study.

Your Committee recommends that Terminal Excess or Overage which under Sections 139 and 140 of The Canada Grain Act now become the property of Her Majesty, should instead become the property of The Canadian Wheat Board. Your Committee further recommends that the value of such excess or overage should then be placed by The Canadian Wheat Board in the separate account provided in Section 29A of The Canadian Wheat Board Act.

A copy of the Minutes of Proceedings and the Evidence adduced by the Committee is attached.

All of which is respectfully submitted.

RENÉ N. JUTRAS,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, May 27, 1954.

The Standing Committee on Agriculture and Colonization met at 11.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Blackmore, Bryson, Byrne, Castleden, Charlton, Clark, Forgie, Gour (*Russell*), Johnson (*Kindersley*), Jutras, Kirk (*Antigonish-Guysborough*), Mang, Massé, McBain, McLeod, Montgomery, Pommer, Purdy, Schneider, Stanton, White (*Middlesex East*), White (*Waterloo South*), and Yuill.

In attendance: Dr. F. Dimmock, Forage Crops Division, Central Experimental Farm, Ottawa.

Dr. Dimmock made a statement on the utilization and future marketing of soybeans. He also presented statistics showing the following:

1. Acreage, production and farm value of soybeans, 1942-1953;
2. Soybean crushings and production of soybean oil and meal;
3. Use of soybean oil in margarine and shortening in 1953.

Agreed,—That the above-mentioned statistics be printed as an Appendix to this day's evidence. (*See Appendix "A"*).

The witness was thanked by the Chairman of the Committee and retired.

At 12.50 o'clock p.m., the Committee adjourned to the call of the Chair.

TUESDAY, June 1, 1954.

The Standing Committee on Agriculture and Colonization met *in camera* at 10.00 o'clock a.m. this day. The Chairman, Mr. René N. Jutras, presided.

Members present: Messrs. Argue, Batten, Blackmore, Bryson, Cardiff, Castleden, Charlton, Forgie, Gingras, Harkness, Huffman, Jutras, MacKenzie, Massé, McCubbin, McLeod, Michaud, Pommer, Purdy, Roberge, Schneider, Weselak, White (*Middlesex East*), and Yuill.

The Chairman submitted a draft of the "Second Report to the House".

The Committee considered and adopted the above-mentioned Report and instructed the Chairman to present it to the House without amendment. (*For Copy of Report see SECOND REPORT to the House*).

At 10.30 o'clock a.m., the Committee adjourned to the call of the Chair.

E. W. INNES,
Clerk of the Committee.

EVIDENCE

May 27, 1954
11.00 a.m.

The CHAIRMAN: The committee will come to order. We now have a quorum. I am sure that we are very pleased to have with us this morning Dr. F. Dimmock, of the experimental farm, who is an expert on leguminous crops, particularly soybeans. A request was made to have Doctor Dimmock speak to us particularly on soybeans, and I believe that he has a short statement that he would like to read to the committee. If it meets with the approval of the committee, I will ask Doctor Dimmock to proceed. Is that agreed?

Agreed.

Dr. F. Dimmock, Forage Crops Division, Central Experimental Farm, called:

The WITNESS: Mr. Chairman and members of the committee, I have just prepared a brief statement outlining the situation of the soybean industry as it exists at present and discussing for a short time the possibilities and outlook for the future of this industry. First of all, let us look at the production and utilization of the soybean in Canada at present.

The soybean has become an important crop in Canada, even though present production is limited almost entirely to the province of Ontario. That is really true. There is very little soybean production outside of Ontario, although we have conducted a number of tests at experimental farms throughout the country, which we will come to later.

Commercial production of soybeans really began in 1942, although about 10,000 to 12,000 acres were grown annually for many years previous to that time. Now, the soybean is not a newcomer to Canada except, as I say, in the sense that commercial production really began in 1942. There was some production before that time. There was not any great expansion for a long period of time because there were really no commercial outlets to speak of, not permanent anyway, but the history of the soybean in Canada goes back to about 1890, when the O.A.C. grew the first varieties and developed one or two varieties in that early period. Since 1942 acreage has increased from 41,490 to 216,000 acres in 1953, an increase of about 420 per cent. In a period of about 10 years, from 1943 to 1953, the total yield increased 403 per cent (874,000 bushels to 4,400,000 bushels) and farm value increased over 600 per cent (\$1,573,000 to \$12,000,000). The crop in 1953 to the farmers was worth about \$12 million. For the six-year period, 1943 to 1948, the yield per acre averaged 18.6 bushels, while for the last five years, 1949 to 1953, the average yield was 23.5 bushels, an increase of approximately five bushels per acre. This increase in the average yield may be attributed in some measure to the use of new, improved varieties. I may say that during the past four or five years the stations at Ottawa and Harrow have developed a number of new, improved varieties which have been made available to growers, and these, I think, have been instrumental both in expanding the acreage and also in increasing the yield.

Just another word with respect to yield, because a crop is not of much use unless it will yield an economical return. I may say that the two major processing companies, the Victory Mills Limited, Toronto and Toronto Elevators Limited, Toronto, conduct a soybean yield test throughout Ontario each year, and in order to enter this contest a grower must have five acres at least. The

province is zoned, as you will see. I can pass copies of this around. Ontario is divided into five zones on a climatic basis. Zone 1 just takes in the south-western peninsula, Essex and Kent counties, whereas zone 2 goes eastward to about Hamilton, zone 3 is further north extending along the north shore of Lake Ontario to Kingston, and zone 4 includes territory further north and eastward along the St. Lawrence and takes in the Ottawa district. These zones, as I said, are based on climatic conditions, average temperatures for the season. These are climatic zones for corn, but they apply to soybeans as well, because soybeans and corn are full-season crops. They have a soybean yield contest in each of these zones.

I will give you the results in 1953, to give you a little background with respect to the possibilities from the standpoint of yield. In zone 1 there were 23 contestants, and the average yield of these 23 was 35.9 bushels. The highest, the winner, obtained 58.4 bushels, and the low was 24 bushels. In zone 2 there were 18 contestants, and the average yield was a little down 35.5 bushels per acre. The high was 46.4 bushels; the low was 21.8 bushels. In zone 3 there were 20 contestants. 33.3 bushels was the average yield per acre, down about two bushels on the average as compared with the other zones; the high was 44.5; the low was 24.7. In zone 4, which takes in Ottawa, we have had very little soybean production so far. A number of the 12 contestants who were in this competition last year were new growers and have not had much experience. However, the 12 growers averaged 28.7 bushels per acre, the winner getting 40.5, and the low 19.7. In these four zones, giving you a general picture for the whole province, there were 73 growers in this contest, and the general average was 33.9 bushels, or approximately 34 bushels to the acre. These are the bushel yields that we can get from this crop. I do not say that we have reached the highest bushel yield yet, because in the United States they are talking about 75 bushels per acre as a potential yield, and it may go to 100 bushels per acre, but here the winner got 58.4. Those are the results, and I just wanted to give you a little more background with respect to the possibilities of this crop from the yield standpoint.

Detailed statistics concerning acreage, production and farm value of soybeans are presented in appendix table 1. I have a copy of this here and I presume I can leave this with the committee and there is no use in my going over these statistics. The table gives the full statistics from 1942 to 1953 with respect to the acreage, yield per acre, total yield and farm value. I may say that the prices received by farmers for soybeans for the past five or six years have been about \$2.50 per bushel for commercial beans grown for processing for the mills. The range has been from approximately \$2.20 up to the present price, which is unusually high because of a shortage, around \$3.50 per bushel. In most years they have run from about \$2.25 to about \$2.95 per bushel.

There has been a remarkable increase in the quantities of soybeans crushed and the amounts of oil and meal produced in Canada since 1944. The statistics given in appendix table 2 show that in 1944, 389,261 bushels of soybeans were crushed, resulting in the production of 3,330,000 pounds of oil and 9,358 tons of meal. In 1953, only nine years later, we crushed 8.6 million bushels as compared with 389,000. We produced almost 91 million pounds of soybean oil as compared with about 3 million, and we produced 206,582 tons of soybean meal as compared with 9,358 tons in 1944. There are three main plants engaged in the processing of soybeans in Canada. They are, firstly, Victory Mills Limited, Toronto; secondly, Toronto Elevators Limited, Toronto; thirdly, Vegetable Oil Mills, Hamilton. Those are the main processing companies. The first two have very up-to-date plants. They use what we call the solvent method for taking the oil out of the beans after the beans have been flaked. It extracts the oil down to one-half of one per cent or less. The method used previously to this was the expeller method, with a screw type of

expeller, and it left about $4\frac{1}{2}$ per cent of oil in the beans which, of course, went over into the meal, but now the up-to-date solvent method of extraction takes the oil to about one-half per cent, and since the oil is more valuable than the meal that is of considerable importance.

The soybean oil is used chiefly for edible purposes. It can be used for a number of other purposes, but these are the chief uses. Its importance in the manufacture of margarine and shortening is indicated by the data presented in appendix table 3, which show that in 1953 the amount of soybean oil in margarine and shortening was 53 and 52 per cent respectively of the total vegetable oils used. In margarine, for instance, the total of oils used was 86 million pounds, in round figures. The vegetable oils used out of that 86 million pounds were 78 million pounds, very little animal oils, but marine and fish oils, 8 million pounds out of this total of 86 million pounds; 41 million pounds of soybean oil was used, 48 per cent of the total, and of the vegetable oil total of 78 million pounds the soybean oil amounted to 53 per cent. In shortening there was a total of 136 million pounds of oils used; the vegetable oils, 76 million pounds; the animal oil, 48 million pounds; and marine and fish oils, 12 million pounds. The soybean oil going into shortening was 39 million pounds, which was 29 per cent of the total and 52 per cent of the vegetable oils. So you see that of the vegetable oils there was 53 per cent of soybean oil in margarine and 52 per cent in shortening in 1953. While substitution of vegetable oils in these two products may be practised to some extent, depending upon suitability, availability and relative prices, it seems to be established that soybean oil is very well suited to use in the manufacture of both margarine and shortening.

Just a word with respect to the future outlook, or the indications for future outlook. In 1953 the total crushings of soybeans in Canada amounted to 8.6 million bushels (see appendix table 2). Of this total, Canada produced 4.4 million bushels. That is our highest production. This means that we crushed 4.2 million bushels more than we produced. In 1952-53, calendar year, the equivalent of about 1.8 million bushels of soybeans was imported into Canada in the form of soybean oil. In the same period 3.7 million bushels were imported as beans, making a total equivalent to 5.5 million bushels of beans.

Although we had our highest yield of soybeans on record in 1953, we still produced only 50 per cent of the total quantity which was needed to supply our requirements. The soybean, therefore, is not a surplus crop in Canada. At an average of 25 bushels per acre we could increase our acreage to about 450,000 acres or 500,000 acres annually and still only produce sufficient beans to meet our requirements at present consumption levels. If the consumption goes up, of course, we could increase our acreage still further.

Present soybean acreage is confined largely to southwestern Ontario. For example, in 1952 a total of 172,000 acres was located as follows: southern Ontario, 169,300 acres; western Ontario, 1,770 acres; central Ontario, 750 acres; eastern Ontario, 180 acres. Of 216,000 acres in 1953, it is estimated—(we have no definite figures yet)—that four to five thousand acres were grown in eastern and central Ontario. This is expected to increase to fifteen to twenty thousand acres in 1954, which indicates expansion of production into new areas of shorter season, made possible by the release of new, early-maturing varieties. That is quite an expansion into new areas for this year, if this develops as we think it will.

Canadian soybeans were exported for the first time in 1953. It seems rather incongruous that we should export beans when we are producing less than half of our needs and importing the rest. However, in 1953 we exported 500,000 bushels of the 1953 crop. These were loaded at Port Stanley, Ontario, and shipped to Europe. I think that the entire shipment went to England.

The secretary of the Ontario Soybean Growers Marketing Board, Mr. K. Standing, is at present in Europe investigating the possibilities for future export markets. It is understood that European importers are very well pleased with the grading and quality of the Canadian grown beans. This is quite different from the situation with the United States grown beans. I have been attending annual meetings of the American Soybean Association for a number of years and on several occasions there have been representatives of the importers from Europe who have expressed considerable dissatisfaction with beans imported from the United States because of too much foreign material, too much trash, exceeding the percentage that is supposed to be allowed. But with the Canadian grown beans they have been very well pleased. There are possibilities, as I say, for export, even though at the present time we may not be producing our own requirements. I think that the reason this was developed last year to this extent was because in the early part of the year, strangely enough, the prices of soybeans were a little lower than they have been for some years past and in order to stimulate or keep up the level of the price there was a certain amount of this exporting of beans, but on account of a very grave shortage in the American crop the price has skyrocketed until it is now around \$3.50 a bushel. That gives you a little idea of the possibilities with respect to expansion and the future outlook for this crop.

Now a word about the soybean breeding and improvement.

By Mr. Blackmore:

Q. Before the witness proceeds—is there adequate land to permit of that expansion?—A. Oh, yes, definitely.

Q. I was wondering, because perhaps there would not be suitable temperatures.—A. There is, even within Ontario.

The WITNESS: Of 13 varieties commonly grown in Canada, seven are products of the Experimental Farm's breeding program. They are among the most important varieties grown at the present time and include the following: Acme, Comet, Capital, Mandarin, Hardome, Harosoy and Harman. As I said before, there are about 13 different varieties grown, but these are the seven most important varieties grown at the present time and they were developed through the Experimental Farm's breeding program. Soybean breeding is carried on at the Central Experimental Farm, Ottawa, and the Dominion Experimental Station, Harrow, in Essex county, Ontario. These are the only two stations where we carry on work of this type. The varieties mentioned are listed in order of maturity, Acme being the earliest and Harman the latest. They range in maturity from 105 to 135 days. At Harrow the Harman variety requires about 135 days. So you see that there is quite a range in between for varieties of different maturity that we can use over a fairly wide area.

The breeding program has in mind the development of improved, early-maturing varieties that may be produced in other areas of Canada as well as Ontario. Early this year about 350 bushels of seed of the Acme variety produced in eastern Ontario were shipped to commercial seed companies in Manitoba, and this will be grown in the southern part of the province this season to indicate the possibilities for commercial soybean production in that area. There is a processing mill at Altona, which it is understood is prepared to handle this crop.

Now a word with respect to experimental soybean tests which we have conducted at various stations throughout Canada. Tests with soybean varieties and strains have been conducted on many of the experimental farms throughout

Canada to determine whether this crop can be grown successfully in the different areas. A brief summary of the results obtained is shown in the following table. I have included this table in the prepared statement and it is, therefore, available for anybody to see.

Summary of Results Obtained from Soybean Tests Conducted on Experimental Farms in Canada

Experiment Station	No. of Varieties or strains	Years Tested	Ave. Yield per Acre	Chemical Analysis*		
				Protein	Oil	Iodine No.
Ottawa, Ont.	14	3	33.0	41.6	19.0	134
Harrow, Ont.	3 (early)	3	27.5	39.4	20.2	131
Harrow, Ont.	4 (late)	3	29.1	39.5	19.8	137
Fredericton, N.B.	3	10	26.2	38.0	19.1	137
Ste Anne de la Pocatiere, Que.	4	4	24.2	39.8	17.6	138
Lennoxville, Que.	7	4	26.9	37.9	19.2	—
L'Assomption, Que.	4	6	39.3	41.4	19.4	—
Morden, Man.	5-24	5	17.1	40.7	16.7	134
Brandon, Man.	7	5	22.9	40.4	18.4	131
Indian Head, Sask.	5	6	5.7	41.3	15.2	139
Lethbridge, Alta.	13	5	25.3	44.1	16.8	135
(irrigation)						
Agassiz, B.C.	4	3	26.3	38.4	19.6	133

* Analysis on Moisture-free basis.

You might be interested in the places where we have conducted these experiments: Ottawa, Ontario; Harrow, Ontario; Fredericton, New Brunswick; Ste Anne de la Pocatiere, Quebec; Lennoxville, Quebec; L'Assomption, Quebec; Morden, Manitoba; Brandon, Manitoba; Indian Head, Saskatchewan; Lethbridge, Alberta (under irrigation); and Agassiz, British Columbia. Now, we have had smaller tests at other stations, but these are the main tests that we have conducted on the experimental farms throughout the country. These tests have included a number of different varieties and strains and they have been grown for a number of years, none of them less than three and some up to ten years, and the varieties have varied from 3 to 24. Probably the most interesting thing about these tests is this, that practically at all stations we have had very good yields, except probably in the prairie provinces, for example at Indian Head. Whereas at most stations the yield varied from about 22 to 33 bushels in these tests as an average for all observations, at Indian Head the average of five varieties for six years (which meant a total of 30 observations) was 5.7 bushels per acre which, you see, is very low as compared with the others. The other low yield was at Morden, Manitoba, where the average for five years with 24 strains, was 17.1 bushels. It may be that 17.1 bushels in southern Manitoba is as good as 25 bushels in certain parts of Ontario. It has to be considered in relation to other crop yields that they can grow. If we can grow, for instance, in southern Ontario, 30 to 50 bushels of fall wheat per acre and get 25 bushels of soybeans, in southern Manitoba, where wheat may yield 20 bushels of wheat to the acre, 17 bushels of soybeans might be considered a good crop. It is a relative matter; it is not a direct comparison that you make between the yields, obtained in different areas. At Indian Head our experiments show that under dry-land conditions, yields have been greatly depressed.

At Lethbridge, under irrigation, the average of 13 varieties for a period of five years, was 25.3 bushels.

There is another point in these tests which stands out very clearly. The companies which process soybeans judge the beans, or at least consider the

quality of the beans from the standpoint of oil content. When they are talking about quality they are talking about the percentage of oil-content of the beans, not whether the seed looks nice or not.

The oil-content of the beans can vary considerably according to the conditions under which they have been grown. The companies are very much interested in the oil-content because that is the most valuable part of the bean. Where the oil-content drops below a certain percentage, it may make quite a difference to them.

Soybean oil usually varies in the beans from 17 to 21 per cent depending on the variety and the conditions under which they are grown; I would say that from 18 to 19 per cent is good but below 18 per cent they would say it was poor quality because it was low in oil. But above 19 per cent they are very good and the companies like that and they consider it very good quality.

My point is, that whereas at Harrow and at Ottawa we average around 19 to 20·2 per cent of oil in soybeans. At Indian Head where we have low yields, the oil-content is down to 15·2 per cent which is quite low, and would be an important consideration in the purchasing of beans grown in that particular area.

At Morden, the oil-content is 16·7 per cent which is also low. Anything below 18 per cent we consider as low and the companies consider it low, too. With 16·8 per cent at Lethbridge, even under irrigation where there was not a moisture problem, the oil-content averaged 16·8 per cent. So in all places in the prairie provinces where we have conducted tests, if it has not been a question of low yield, it has been a question of low oil-content.

I do not know what the cause is. The oil-content seems to be laid down late in the season. Whether it is because of cool temperatures, particularly at night, in August and September, I do not know. But there is something responsible for this low oil-content. The same varieties grown in the east have a much higher oil-content.

The yield obtained at all stations is quite satisfactory with the exception of Indian Head and possibly Morden; at those two stations and also at Lethbridge the quality of the seed produced as indicated by the percentage of oil-content was rather poor.

As the unit of value of the oil is much higher than that of the meal the commercial processors are interested in the high oil-content beans.

With oil at 14 cents a pound, which is about the price it has been for some time, and with meal at about \$90 a ton—(meal is considerably higher than that at the present time)—each one per cent of increase in oil increases the value of the soybeans at this particular level by 5·7 cents per bushel. If the beans could be increased 2 per cent extra oil on the average, you really increase the value by 11·4 cents a bushel. I am not saying that the grower gets the benefit. He should get some of it, but beans are not bought at the present time on the oil-content basis. Probably they may be at some time later. But with soybean meal at \$90 or even \$100 a ton, the meal is worth about 5 cents a pound whereas the oil is worth 14 cents a pound, so the greater the oil-content there is in the bean, the higher the quality, and the greater the value per bushel.

Factors which may affect the production of soybeans in the prairie provinces I have listed as follows: No. 1, low oil-content; No. 2, low yield under dry land conditions, No. 3, short season with cool temperatures especially at night; No. 4, excessive moisture; and No. 5, short growth causing difficulty in harvesting; No. 6, shattering of seed; No. 7, weed control problems.

One of the things which may affect the production of soybeans in the prairie provinces particularly with the varieties used at present, is the shortness of growth. We like to see them grow from 2½ to 3½ feet in height with the beans carried well up off the ground. Because, when you come to harvest them

with a combine, if the beans are too low you are going to miss a lot of soybeans. Where they are only getting yields of possibly from 5 to 15 bushels, if they lost 5 bushels to the acre, it would be a pretty serious thing.

Another factor which may affect production on the prairies is the shattering of the seed. This is not of any practical importance in Ontario where we grow beans at the present time. Shattering of seed has reference to the splitting of the pod, thereby scattering the seeds abroad. That is the natural process in many legume crops; that is the way they propagate, by the pods splitting and throwing the seed out on the ground where it will grow and maintain the crop for the future. It is a natural process and we have to overcome it in order to avoid the loss of seed. Therefore, we have developed and selected varieties which do not have this tendency towards shattering. In Ontario we have practically no trouble at all with shattering. But when those same varieties are grown out in the prairie provinces, particularly in southern Manitoba and at Morden under the conditions there, with dry atmosphere, during the day and cool temperatures at night, it seems to bring about severe shattering of the seed. I know of cases where varieties have shattered as much as from 50 to 60 per cent of their seed. It happens immediately after the variety becomes mature. So if they are left standing for any length of time after they are matured—(we usually leave them because we want the moisture content down as low as we can get it)—you may lose from 25 to 50 per cent of the crop from shattering.

In the breeding work we are trying to overcome shattering habit and it will have to be given more attention in the west if the growing of this crop is to develop in western Canada.

I have listed the weed control problem. Those of you who have grown soybeans for some years will know what the weed problem is. It is something which at one time we thought would prevent the growing of soybeans in Canada.

Growers who put in this crop said that they absolutely could not cope with the weed problem. But as time went on, new methods were developed and that problem has been pretty well overcome. You can travel through western Ontario and see fields of soybeans, anywhere from 50 to 75 to 100 acres, and you will hardly see a weed in the fields of some of the growers in that area.

Many of these factors which I have mentioned are, of course, inter-related. They are being considered in the breeding programme, and every effort is being made to develop varieties adapted for production in any areas which may prove suitable to the growing of the soybean crop.

The CHAIRMAN: Now, Mr. Stanton.

By Mr. Stanton:

Q. Mr. Chairman, I am sure that we western members will not take up as much time on soybean growing as did our western cousins with their wheat problems; but we are interested in soybeans very much. I would like to have those figures of yield again. What width of rows are used in growing soybeans in Ontario?—A. It varies to some extent in Ontario. Soybeans are grown in rows from 14 inches up to about 28 inches apart. Some people grow them in wider rows, but that is the usual distance; and in this area we recommend 28 inch rows.

Q. In reference to the date for seeding in eastern Ontario, what date do you recommend?—A. It is pretty much like corn, any time from the 20th of May to the end of the month.

Q. When the weather has warmed up?—A. That is right.

Q. And with respect to the export of those beans, was that not made more or less as an experiment for future markets?—A. I could not say that exactly. I think the export was arranged through the efforts of the Soybean Growers Marketing Board; that is the information which I had. I am not sure of all the reasons behind it, but I do know that at the time these export arrangements were made the price of soybeans was low.

I think it was about as low as it had been in Ontario for some years, and in order to stimulate the price paid by the companies I think this export was done, as well as to determine whether there could be future export markets.

Q. I know that in my own county of Leeds this year—I think I am safe in saying—the growing of the soybeans has probably increased 100 per cent from what it was a couple of years ago. Many of the farmers are going out of the dairy business and going into grain. Is there any variety of beans which would grow higher on the stalk than other varieties?—A. Well, we released a new variety last spring which we call “Comet”. This variety carries the beans probably 2 or 3 inches higher off the ground than most of the other varieties.

Q. We have considerable difficulty with harvesting the beans.—A. That will depend to some extent on the conditions at the time of planting. If it is cool and you get low growth, then the branches will be lower than they will be where the soil is warm and you have warmer conditions. It may make a difference of 2 to 3 inches.

Q. And you think that we can get away from the weed problem with preparation of the soil beforehand and with extra cultivation?—A. That is right.

Q. Thank you.

The CHAIRMAN: Now, Mr. White.

By Mr. White (Middlesex East):

Q. I have one or two questions following up those of the member for Leeds. How great an export market do you think you could develop?—A. Well, I could not say. I do not think I can answer that question except in this way, that in the United States they expect that there can be developed a market for 100 million bushels in Europe. They have exported as much, I think, as about 75 million bushels in a single year. Last year it was down to about 50 million bushels; but they believe that if their acreage expands and there is greater production, more than they need, there is a potential market for possibly about 100 million bushels a year in Europe at the present time.

Q. It would seem that if we produce the quality of beans which suits the European markets, that they would buy them in preference to the American beans?—A. They have been dissatisfied to some extent because of the foreign material. There is a certain amount of dirt in the beans. There has been a fairly general complaint about it among all European importers with respect to American beans; but that complaint has not been made in connection with Canadian beans.

That condition may be brought about because many of the United States beans are trans-shipped from the central states down to the southern states and then shipped again. I think possibly that is where it happens. But in Canada they are loaded directly on the boats and they go over in much better shape.

Q. One other question; would you explain how it happens that since the export market was developed, and not until that time, did the price to the growers increase?—A. I am afraid I could not explain that.

Q. I happened to have some beans—what few I grow—and they were in the shipment from Port Stanley; until that market developed the price of beans was around \$2 on the market.—A. I think I mentioned that it did help to stabilize the price, but why, I do not know.

Q. You mentioned the Soybean Growers Marketing Board; it was not they who shipped the beans from Port Stanley?—A. Yes. I think that negotiations were carried on through the Soybean Marketing Board with the result that the soybeans were shipped by the grain companies.

Q. I have heard that and I was curious about it.—A. I was given to understand that, and it is one of the reasons why the secretary of the board is over in Europe at the present time.

The CHAIRMAN: Now, Mr. Montgomery.

By Mr. Montgomery:

Q. I do not think you mentioned what the results were from the Experimental Farm at Fredericton.—A. Actually, we have had pretty good results at Fredericton. We have grown a total of 3 varieties at the station there over a period of 10 years and that means that the average which I give you is an average of 30 observations, because we take the whole period and average them. The general average was 26.2 bushels per acre.

Q. Was that confined to the Experimental Station?—A. Just on the station.

Q. And there have not been any plots tried apart from the station?—A. There are some being tried this year, some off-station tests.

Q. In what area?—A. In the next county, Carleton county I think it is.

Q. That is my home county and I am very interested.—A. Well, that is where the tests are being made. I had a letter only yesterday from a large potato grower there, who has a plot on his farm.

Q. Was it Dr. Maxwell?—A. No.

Q. And how is the oil-content?—A. The oil-content was 19.1 per cent. We do not seem to have trouble about the oil in humid areas. In British Columbia it was 19.6; but when you get into the prairie region with cool nights, and a short season, it seems to have an effect on the oil-content. But as the oil content goes down, the protein content increases. At those stations where they have a low oil-content, they have a high protein content.

Q. That is the feed part of it?—A. Yes.

Q. In your experimental work here, do you use fertilizer, and if so, what kind? Does the crop depend on how much fertilizer is used? And which is the best type of fertilizer, commercial, or manure, barnyard manure?—A. There has been quite a bit of work done on fertilizers for soybeans, some in Canada and a greater amount in the United States.

The general opinion is that if the soil is in a good state of fertility, it is probably better not to fertilize the soybeans directly. They probably will not be much better off from direct fertilization, unless there is a definite lack of potash, or phosphorus, or nitrogen. Unless you know there is something lacking in the soil, and unless the soil is incapable of producing a good crop of other grains, there is no particular purpose in direct fertilization of soybeans, until you know there is something lacking.

A better idea is to maintain the general fertility of the soil by means of a good crop rotation such as grain, clover and alfalfa. And if that is done, you do not need to worry too much about fertilizing soybeans directly.

Q. Well, I am not a farmer, but I am very much interested in soybeans on behalf of my friends. Is there much time after seeding until the crop is ready to come off? What is the average number of days or the time for the crop? As I understand it, it is 105 days.—A. That is the earliest variety at Ottawa, and it would possibly be a little later in New Brunswick. But there is a fairly long period in which you can harvest the crop after it matures.

Q. From the time the beans are ready to be cut is there a short time for harvesting such as with oats?—A. No. We know of varieties that mature in the first week in September, but we do not harvest them until the middle of October. If we had trouble with this shattering of seed, we would; but we do not.

Q. How large should a processing plant be? How many bushels of beans would it require? Would it have to be 1,000,000 bushels before a processing plant became a paying proposition for processing them?—A. I do not know anything about that angle.

The CHAIRMAN: Now, Mr. Argue.

By Mr. Argue:

Q. To what extent are soybean oil, and linseed oil competitive?—A. I can only answer you by saying that that is not really my field of study. I do not think they are competitive. Soybean is principally an edible oil while linseed oil is a non-edible oil.

Q. You would not see any real competition between them?—A. There is really no competition, or very little.

The CHAIRMAN: Now, Mr. Clark.

By Mr. Clark:

Q. Cottonseed oil is the real competitor, is it not?—A. Yes, cottonseed oil and cocoanut oil. But linseed oil is non-edible and it is used mostly in paint.

Mr. ARGUE: The production of soybeans should not depress the price of flaxseed oil.

The WITNESS: I do not think so.

The CHAIRMAN: Now, Mr. Bryson.

By Mr. Bryson:

Q. That was a very interesting brief, Dr. Dimmock, and I am very interested in this whole question of seed production primarily from the rapeseed point of view because we grow a lot of it in northern Saskatchewan. But I was shocked when I heard you mention the oil-content in soybeans. It seems that it would not be very competitive with rapeseed because of its oil-content.

According to a return that was tabled in the House this past winter, there is a high tariff against oil coming into this country, but there is no tariff on beans processed in this country. I wonder if that fact will have some bearing on our capacity to compete with American soybeans as far as markets are concerned? The reason I ask is that I was down in California two or three years ago and they were processing soybeans and using the Anderson expeller method.

It was interesting to hear that they were experimenting with that crop and getting it in 105 days, and to hear that the price depended on the oil-content. I wonder, when this discussion is over, if you would mind commenting a little on the rapeseed outlook? Are you familiar with it.—A. Not from a commercial standpoint. I do not know too much about it. Rapeseed oil is used as a marine oil, principally.

Q. At the moment it is a vegetable oil, is it not?—A. Yes, but they are working or have done quite a bit of work to see if they can develop its use for edible purposes.

Q. During the war Mr. Gordon Ross was the man who processed it. He went to Germany in 1946, I believe; and they had developed a process in Germany to make margarine out of rapeseed and they were very anxious to get rapeseed developed for that purpose. But you are not going to compete with the American cottonseed and peanut oil because of the high oil-content. Of course, Marshall aid had something to do with it as well. But I am wondering

what has happened? Is it because of the low oil-content of rapeseed that it is not competitive?—A. No. I could not tell you off-hand what the oil-content of rapeseed is; I thought it was somewhat higher than that of soybeans.

Q. No. Sunflower is higher, according to my recollection. But one big problem is this: what are you going to do with the meal, the residue? That is one of the stumbling blocks. We have a guaranteed price; we are seeding 400 acres at home this year; and we have a guaranteed price of 4 cents a pound, as far as we know at the moment. I wonder if some market has developed for it other than that of marine oil.—A. Not that I know of; I am not aware of it.

The CHAIRMAN: Now, Mr. Forgie.

By Mr. Forgie:

Q. Before 1939, or from 1934 up until the beginning of the war, most of the soybeans sold for export came out of the Gobi desert in Manchuria. In 1930 at the time of the Imperial Conference I was interested in soybeans and it was intimated to me that there was a market in Europe for about 250 million bushels of soybeans, and that all the beans which were going into Denmark, Germany and all the other European countries including Great Britain were coming from the Gobi desert, where the cost of transportation would be much greater than it would be from the north American continent. Would that not be a factor? In other words, there is an interest in soybeans. As far as western Canada is concerned an export market is primary and essential to the development of beans which will ripen and grow in western Canada. And I understand that the Central Experimental Farm in Ottawa is shipping out this year a new variety of soybeans for experimental growing in western Canada. Is that correct?—A. Yes. Seed of the early variety which I spoke about produced in eastern Ontario was shipped to Manitoba; about 350 to 400 bushels which should be sufficient to plant from 4 to 500 acres which, if the season is average, should give them a pretty good idea whether this variety can be grown in that area.

Q. Is it not true that there is a difference between the extraction of oil by the Anderson expeller process and the extraction of oil by the solvent process?—A. Well, there is a difference in the amount.

Q. Yes, in certain instances it is much more desirable to retain in the soybean meal a higher percentage of oil as a concentrate in a balanced ration for livestock feeding.—A. It might be desirable, but from the standpoint of the company they are not going to leave in any oil for which they could get 14 cents a pound, while they can only sell the meal for around 5 cents a pound. From the standpoint of economics it is not desirable. Actually, when you take out the oil you increase the protein content of the meal, and that is quite desirable from the standpoint of its use for feed.

Q. Is not soybean oil meal used quite extensively in the United States now, for feed while the 4½ per cent content is for industrial purposes?—A. There is quite a bit of meal produced still with 4½ per cent oil content which is left by the Anderson expeller process; but most of the processing plants in the United States are changing over just as rapidly as they can to the solvent process. It may be only for special purposes that they will stay with the Anderson expeller method.

Q. Is the Toronto elevator not using the Anderson process?—A. Not now. They have put up a new solvent plant.

The CHAIRMAN: Now, Mr. Clark.

Mr. CLARK: I come from the centre of the soybean area in southwestern Ontario and I may be able to mention a few things which might be helpful to some of the potential growers or those interested in other districts.

Soybean oil coming from soybeans is competitive just as cottonseed, and so on; and that to a great extent determines the price of the soybeans. Mr. White mentioned the association which marketed the beans. This association operates under the Farm Products Control Act of Ontario, and they have certain powers under that Act. It was only a skeleton deal, I would say, to start with. I was in Toronto when it was discussed with a former Minister of Agriculture and he gave these crop growers certain powers under the Act. This Act can be changed and I think it should be. The growers, over a period of years, have been able to secure a lot of experience in marketing and they are perhaps able now to consider changes in the Act which would perhaps do a better job for the growers.

I think they have done an excellent job to date. Mr. White also mentioned that the price of soybeans went up immediately when the export market was procured. I think that is only a natural thing to happen in the trading that takes place with any commodity. In the negotiations with dealers, sales have always been based on Chicago futures, and the market would change every day.

Well, beans were down in the United States and down pretty badly when the market opened; and I think the problems which affect western Ontario, can be listed under these three headings: freight rates, water transportation, and orderly marketing.

Freight rates on soybeans coming from Detroit to Toronto are cheaper than on soybeans coming from Essex and Kent counties.

As regards water transportation, through elevators and so on in southwestern Ontario, Port Stanley is practically the only spot where they are shipped by water, and that has just started. I think you will find there will be other elevators able to provide that water transportation which will, no doubt, bring the freight rates down. Freight rates are a big factor in the marketing of beans from western Ontario. Another situation developed with combines and so on. Most people with any grain crops like to produce the beans and take them to the elevator in a week, say. That has caused serious difficulties with the buyers. They have had sometimes hundreds of cars on which they pay demurrage in Toronto.

I think it was suggested one year when the situation was not too good that the farmers, should market one-third, put one-third in public storage—and public storage should be made available by the government—and maintain one-third on their farms. If that had been done this year they would have received much more money on the average for their beans. Those are some of the problems that the bean growers in western Ontario have had. Now, this particular crop can be grown, it has been proven, five or six years consecutively on the same land, and perhaps the yield will increase as you go along, but after five or six years disease develops and you get into some difficulties. To show you more about the freight rate situation, soybean meal for the Windsor to Woodstock area is brought in from the American side to use by the feeders in western Ontario, because with the shipping of the beans to Toronto, where the soybean meal is made, you can ship it back only so far to compete with the American meal. That market has been supplied by the American meal, and I think Woodstock is about the breaking point. That varies in some years. But this crop has taken some acreage from oats, some acreage from corn, in western Ontario, and has done a tremendous job for the man who has had heavier land. You can grow good corn on heavy land, but not as consistently as you can beans. Corn will not stand the water as well as beans. So in the heavier land areas of western Ontario the farmers have really prospered by growing beans, because they cannot depend every year on a crop of corn on this heavier land.

Those are just a few comments that I make, coming from that area. I would like to see the organization have a few more powers under marketing legislation from Toronto. I think that if they wanted that changed they perhaps could get it, but they were given this Act to work with and I think that they have done a very good job with it, and the companies have co-operated to a great extent with them. The companies have also given incentives to the growers to produce better beans and obtain more yields per acre, and this particular industry, along with corn, in the province of Ontario, I think, is one of the bright spots that we have. We do not produce enough to supply the market. For instance, with corn we supply 50 or 60 per cent, and we have perhaps supplied enough at times, and with beans we are in the same position. You mentioned how many beans we would have to have to keep a plant going. I think you will find that the situation to date has been that we use Canadian beans for six or seven months of the year, until they are exhausted, and then bring in American beans so as to run their plants for the rest of the year. That has been the practice because we have not had the crop to supply the beans for our Canadian market and keep the plants in full operation.

By Mr. Montgomery:

Q. Might I ask this question: in these shipments to Europe, do they export the whole bean?—A. Yes.

Q. How many bushels to the acre do you sow, as an average?—A. Roughly, two. Some sow a little less. It depends on the variety and size of the seed. It would be one to 1½ bushels. It depends on the method of planting.

Q. You speak of growing in rows. Would that not require separate machinery, like potatoes?—A. No, you can put them in with an ordinary grain drill. Just close off the spouts that are not required.

The CHAIRMAN: Like corn?

The WITNESS: That is right.

Mr. MONTGOMERY: With rows a foot apart?

The WITNESS: No, I think we would recommend the same as here, 28 inches apart.

By Mr. Pommer:

Q. Mr. Chairman, Doctor Dimmock spoke of soybean production in southern Manitoba. I am aware that at one time there was some around Altona. Could you give any details as to when they were grown and what the production was, what the acreage was and so on?—A. You mean, when they were grown some years ago?

Q. Yes.—A. No, I think Mr. Forgie has a letter about that.

Mr. FORGIE: I have a letter, which I may just read to you, from Mr. Eric D. Putt, Agrostologist in the Department of Agriculture, Experimental Station, Morden, Manitoba. I wrote to him because some years ago I was out there, and Doctor McRostie was with the Department of Agriculture. We were interested in crossing some beans to see if they would ripen early enough in Manitoba to provide a crop, with the hope that if that could be done it might be extended further west and this crop might be successfully grown in the prairie provinces as a rotation crop as it is a legume. The letter I received says in part:

Soybeans have never been a crop of any consequence in Manitoba, and my personal opinion is that they will not develop to any extent until varieties are produced which are more suited to this area.

That is why I asked Doctor Dimmock the question whether he had shipped out the beans that would ripen earlier in the western provinces. He has already stated that the Acme bean has gone forward for trials this year.

The letter continues:

The present varieties which will mature satisfactorily in Manitoba do not yield sufficiently high to warrant their commercial production. They also have the serious disadvantage of being short and carrying their seed pods low which makes harvesting with a combine exceedingly difficult. Serious losses usually occur due to shattering of the low pods during the harvesting operation.

There has been considerable import of soybeans into Manitoba from Minnesota during the past three or four years by the oil seeds crushing industry. I am informed that the volume approached 300,000 bushels in the crop year '52-53 and is expected to be near 400,000 bushels in the crop year '53-54. With this large import there have been a number of enquiries by farmers about the possibility of the crop during the past few months.

The annual "Report on Crops, Livestock, Etc." issued by the Manitoba Department of Agriculture and Immigration shows the following statistics on the crop:

Year	Acreage	Bushels per acre
1943	2,500	8
1944	400	10
1945	200	10
1952	200	7

The last line of the above table is from my own source of information, not from the publication referred to above. You will readily see by the yield per acre that the crop is not economical for the farmer in this area.

We are carrying a small experimental project with soybeans at this station testing the licensed varieties which will mature in the area, and any new productions which Dr. Dimmock feels may have possibilities here. From this test we have obtained a yield of 21.0 bushels per acre for the variety Kabott over the past twelve years, with a range from 11.3 in 1946 to 31.1 in 1952. A newly licensed variety named "Acme" tested over four years gave 18.2 bushels per acre compared with 19.2 for Kabott. The highest yield we have recorded in our test is 35.3 bushels per acre from the variety Flambeau in 1953. We should point out that Flambeau is the variety which is normally too late for Manitoba, but that 1953 was an exceptionally favourable season for the crop enabling it to mature, and produce this high yield.

By the Chairman:

Q. If I may be permitted at this stage, I would like to ask this: did you say that there were 400 acres seeded to soybeans in southern Manitoba?—A. I said that there were 350 to 400 bushels shipped there, which could possibly plant 400 acres.

Q. I imagine it would be all in the vicinity of Altona?—A. Yes.

Q. I understand that this year the plant is encouraging, to some degree, the growing of rapeseed in Altona. Did you say that you were not making edible oil out of rapeseed?—A. Rapeseed is not normally used for edible purposes. It may be made possible to use it for edible purposes, and I think that has been studied to some extent, that is by certain treatments. Soybean oil, cottonseed and coconut oil can be used without any special treatment.

Q. I think that in Altona they only produce edible oil?—A. Yes.

Q. And the reason that they are going in to rapeseed this year—I don't know how many acres of rapeseed they are giving out under contract this year—whether it is an experiment or whether they intend to make edible oil out of it. I know that individuals in the last few years have grown soybeans on a very small plot for experimental purposes. You have no record of that?—A. No, only the experimental stations.

By Mr. Charlton:

Q. I take it from the discussion so far, Doctor Dimmock, that Europe is a potential market for two or three hundred million bushels of soybeans. They have not grown soybeans there up till now?—A. Yes, they grew some, but they have not been too successful in getting varieties that seem to be adapted for the conditions and give high yields. Most countries, for instance Great Britain and most of the northern countries where they are using considerable quantities of oils such as soybean oil, have not conditions where they can grow soybeans. The temperatures are too cool. They cannot get the crop to mature in most seasons. In the southern part of Europe, for instance in southern Germany—I do not know whether that is behind the iron curtain or not—and probably in Romania, where they grow quite a large amount of corn, there was some development of soybean production before World War II, but to what stage that has developed I do not know. I do not think the production has assumed any large proportions at all.

Q. You would not suggest that if we increased our production here tremendously the European countries would increase production at the same time and probably reduce demand over there?—A. In the countries to which we are exporting now, I do not think there would be for a considerable number of years any large production of soybeans. In some of them there may never be any.

Q. Have you any figures on your various yields of soybeans? Have you any figures to show whether those high yields were grown in 14 or 28 inch rows?—A. We have made experiments on close planting, that is as you would drill small grains.

Q. Broadcast?—A. Yes, 7 inch as compared with 14, 21, 28 and 35 inch rows. Actually there is not a great deal of difference between them. In a year favourable for production you might get a little higher yield if they are close drilled, but in most years you will not get enough difference to make it worth-while, and you are using more seed and it takes a great deal more to keep the weeds down in a solid planting. In a year where there are dry conditions, you will find that in wider rows you get a higher yield. We had that result in experiment at Ottawa.

Q. Have you an average for wider rows?—A. We have averaged them, but there is practically no difference between them.

Q. There is practically no advantage?—A. There is no advantage in sowing in close rows so far as we can see. If we could control the weeds, probably there might be an argument for growing them in close drills, but the weed problem is a very serious one, particularly with new growers.

Q. You have not used sprays?—A. Spraying is very expensive, and on top of that, of course, sprays are very difficult things to work with, because they may affect your crop unless you are very careful. We are testing some pre-emergent sprays, and some of them look promising, but I think they may be too expensive at the present time to use.

Q. You said not fertilizing directly, more or less using rotation, rather than direct application. Is that general practice?—A. Yes, I think it is more or less general practice, although there are some growers who fertilize regularly.

Q. Side dress?—A. Some of them. There has been some investigation into side dressing.

Q. It is not good business to apply the fertilizer direct with the seed?—A. No, you would put it below the seed.

Q. You suggested that you continue for a five or six-year period, then you would get into a diseased condition. Is it suggested that it is good practice to go for four or five years in a row?—A. We would not suggest it, although he is speaking from experience, I think.

Mr. CLARK: Pelee island has really been a centre of it, and perhaps Mr. White knows better than anyone else that they have grown beans for longer than six years consecutively but disease started to develop at the end of six years. But I have heard many growers say that in their third crop they had a better yield than in the first or second, and so on.

By Mr. Charlton:

Q. That is understandable, because of natural inoculation.—A. I do not think that most experimental stations consider it good practice, but on Pelee Island, they probably had some of these diseases to start with, but that disease was built up in the soil over some years. Now that the diseases are present if they continue soybeans for six or seven years, they might run into a good deal of trouble.

Q. It might increase the tendency of disease?—A. Yes, build it up.

Q. But is it not a fact that you get a better crop in the third year, where there was no inoculation in the first year and self-inoculation follows?—A. You have to inoculate to begin with.

Q. In some cases they do not.—A. But it is good insurance.

Q. Would they get as much increase in the third year if they do not inoculate in the first year?—A. If you do not inoculate, you would not have any nodule formation on the roots. If you have never grown soybeans before, the chances are that you would not have any nodule formation. I think that is true. If you do inoculate, the bacteria will remain in the soil for a long period of years. You can go back in the same field five, six or seven years afterwards and grow beans without inoculation. In spite of that, a great many growers do inoculate their seed every year.

Q. I have another question. Mr. Stanton suggested that there had been a considerable number of dairy farmers who had switched over to growing soybeans, realizing that the dairy business was facing serious marketing problems. Would you suggest that that was getting to be a fairly general practice in the east?—A. I had not heard of that.

Q. Obviously if the acreage is increasing to such an extent, they must be changing from something?—A. Yes, but I think that, as far as my observation goes, soybeans have been substituted for some other crop such as, probably, oats, and in some areas barley, where it is difficult to grow barley or where a large acreage of oats has been grown and they have substituted the soybean in a certain proportion.

Q. They are not growing soybeans to feed their cows?—A. A good many of them in eastern Ontario are not shipping beans. They are actually using soybeans as a protein concentrate for dairy cattle.

Q. They are mixing it at home?—A. There are a number who have done it this year and say they will continue to do it.

Mr. WHITE (*Middlesex East*): I think that Mr. Charlton asked one of the questions I had intended to ask, but I want to say that Mr. Murray Clark has added to the discussion, because he comes from an area where there are an enormous number of soybeans grown, and also there is an experimental station at Harrow. There are one or two observations I would like to make to the

committee. One is the question that Mr. Montgomery asked about cultivation. Most of the growers use what is known as a rotary hoe, after the beans have been planted, and sometimes before they emerge from the ground. These rotary hoes have spikes that go into the ground, and a friend of mine can do 130 acres a day with them. They continue to use them until the beans come up about three inches high. There is not a great deal of row cultivation done probably two or three times.

The WITNESS: That is true. I think most of the growers in southwestern Ontario, particularly Essex and Kent counties, where they have the heavier soils, are having success, but here in the eastern part of the province we find that on our lighter soils the rotary hoe is not so well adapted. The rotary hoe needs to pick up the soil crust. You have to use a rotary hoe at a certain time when the soil has become slightly crusted to do a good job. Our light soils do not crust. The rotary hoe will not do what it does in western Ontario, except on the heavier soils. The implement that we recommend is either the common harrow or the finger weeder. That means a much slower job. You may run a rotary hoe at 12 miles an hours, but you have to get the speed of these other instruments down to about three or four miles an hour unless you are going to damage your crop.

By Mr. Charlton:

Q. Is there not some danger of a rotary hoe destroying some of the crop anyway?—A. They usually expect to destroy a small percentage of the crop, maybe 10 per cent.

Q. If you use the rotary hoe just at the time the beans are emerging from the ground?—A. You wait till the beans have straightened out. You can do that before they emerge, if you do not delay too long.

By Mr. White (Middlesex East):

Q. Which variety has given you the best yield in conjunction with the best output of oil?—A. Where?

Q. In southwestern Ontario?—A. I think most people agree that the new variety Harosoy that was released recently from the Experimental Farm at Harrow is one of the best varieties that we have had up to the present. It is replacing to a large extent the other varieties, and it is a good yielding variety and has quite a good oil content. Where it can be grown, I think it is the best variety at the present time.

Mr. CHARLTON: What is the variety?

The WITNESS: Harosoy.

Mr. WHITE (*Middlesex East*): Regarding the problem of freight rates and cars and so on, I think we are of the opinion because of our proximity to the Great Lakes that the seaway is one of the factors that will help the transportation problem and maintain fair rates. The very fact that Port Stanley shipped beans to Europe this year is an indication. Another curious thing was the difficulty of the beans all being harvested in a very short time and rushed into Toronto and the difficulty of getting storage and freight cars. I am told from reliable sources that at this very same time the mills in Toronto were buying beans from Chicago and bringing them up by boat and part of the difficulty was that they were also unloading beans from the foreign country at the same time as our domestic production was being delivered. But in 1953 with the biggest crop that was ever grown there was no shortage of freight cars, because if they did not get the freight cars they would have exported. Once there was some competition on the open market, the problem of freight cars dissolved. Those of you that think that everything should be all marketed through one channel can see what happened this year when there was some

competition on the market. We get an increase in price, and there was no quarrel over the moisture content. The witness mentioned that possibly the day would come when beans would be sold on an oil-content basis, and while grading has improved the quality of many farm products, it nevertheless takes it out of the farmer's hands. It is getting farther and farther away from the primary producer. He does not know what is going on and consequently there is suspicion, and in some cases rightly so. I am not sure whether I am in favour of that basis of paying the farmer for his beans. I have had some experience with grading of other products, and I am not too happy about it.

Mr. CLARK: He mentioned the British government. I think you will all realize that the British government tried an experiment with peanuts in Rhodesia, which was to try to get away from buying so many oil-producing products like soybeans and so on. I do not think it was very successful, but I think that that was the reasoning behind it. So I think that there is a tremendous market over there. Manchuria has supplied tremendous quantities, but there may be restrictions against Manchuria now.

By Mr. Montgomery:

Q. I would like to ask the doctor with regard to the temperature in shipping. In the case of potatoes you have to have refrigerated cars. Can soybeans be shipped in cold weather in ordinary cars?—A. I think so, if the moisture content is satisfactory.

Q. You have never had any experience of freezing or chilling?—A. I do not think that that would bother the quality of the crop.

Mr. CLARK: They do combine, after the ground is frozen.

By Mr. Bryson:

Q. Doctor Dimmock mentioned something about the weather possibly having something to do with the oil content. Does the oil content vary with the variety?—A. Yes.

Q. With the rapeseed, you get a difference?—A. It varies with the variety. There are high and low oil-content varieties. That is definitely so.

By Mr. McBain:

Q. I have a few observations. Doctor Dimmock mentioned his experience with the results in certain areas. From my own memory, I believe that in the crop competitions in Ontario the highest contestants received those high yields with 21-inch rows.—A. I think that may be true. I think that with the narrower row you may increase your yield to a certain extent, depending on the seasonal conditions. If the seasonal conditions are favourable, then the narrow row will give you a higher yield as a rule, but if you lack moisture it may be that the wider row will give you a higher yield. Over a period of years, we have run a number of tests which had close drilled and row spacings up to 35 inches. We have found that anywhere from about 24 to 28 inches will give you, on the average, as good a result as any.

Q. I am just referring to last year's results.—A. In 1952, for instance, in Ottawa we had very favourable temperatures and an abundance of moisture. Our close drills gave the highest yield. Last year we had very hot dry weather in July and August, practically no rain at all, and we got considerably higher yields from the wider than the narrower row spacings. So it may be influenced by the nature of the season.

By Mr. Charlton:

Q. Would it not be reasonable to assume that in a dry year the ground would not dry up nearly as much with the narrow rows?—A. Yes, if you

have an abundance of moisture in the ground to begin with. If you need moisture during the latter part of the season just when the pods are filling and you get hot, dry weather with a high rate of evaporation your beans are not going to fill. Your pod formation will be down. It affects your pod formation.

Q. You are assuming that with fewer plants per acre the moisture will produce more beans?—A. Yes.

Q. But the fact that the row is wide will not give you more moisture?—A. Except that the individual plants will have a much wider space to draw from.

Q. Wouldn't it be a fact that the moisture would be reduced because the sun is getting at more of the ground?—A. Yes, maybe, but it is not only a question of the moisture in the soil; it is a question of the effect of the dry weather on the pod formation. The pods just do not form. We had that same experience last year. With close spaced rows you could hardly see the pods at all on the plants, whereas on a 28-inch row they looked almost normal. They looked perfectly all right for a while, but afterwards we observed that the effect of the drought and heat on the plants, was that with crowded plants, the pods failed to form.

Q. That would be more or less a crowding condition?—A. A crowding condition in view of the fact that there was insufficient moisture. It would not have happened if there had been plenty of moisture.

Q. It is not crowding?—A. It is crowding; it is overcrowding under those dry conditions. It is like a certain soil which grows corn, for instance. We talk about plant populations. Certain soils can stand up to eighteen or twenty thousand plants per acre. That many plants on the same soil under dry conditions usually results in overcrowding and poor plant production.

By Mr. McBain:

Q. There is just another observation I would like to make with regard to the soybeans that were exported to Europe last year. I understand that a large proportion of those went to Germany from Port Stanley. They were sent there more or less as an experiment to see how well our Canadian soybeans would be received in their markets. I understand that at the present time the Port Stanley Grain and Transit Company have received an initial order for 600,000 bushels of the 1954 crop, that is even before the 1954 crop was planted. That speaks very well for the way our Canadian soybeans were received overseas last year.—A. It may be that they went to Germany, but our Bureau of Statistics data show that those beans went to England.

Q. They were split up there?—A. I do not know whether they went from there to Germany, but that is where our statistics indicate they were shipped.

By Mr. Forgie:

Q. I understand that the soybean is being used extensively in Europe as a nutritional food. In World War II, the Germans, I believe, used it extensively for their troops.—A. I don't think there is any doubt about that.

Q. With regard to soy beans that are being grown in eastern Ontario, according to the Ontario government report I have here, in June, 1953, there were 1,240 acres in eastern Ontario. Most of that would be grown for hay, would it not, for dairy feed?—A. No, none of it for hay.

Q. Where would that small amount of beans go?—A. In eastern Ontario?

Q. Yes.—A. The Victory Mills Limited have established delivery points in eastern Ontario similar to those in southwestern Ontario.

By Mr. Bryson:

Q. I would like to ask Doctor Dimmock if any experiments have been carried on with safflower.—A. Yes. I am not too familiar with it, but you could get in touch with the Cereal Division, which has done a considerable amount of work with safflower.

Q. We have experimented at home, but our season is too short. Is it being grown anywhere in Ontario now?—A. I could not say that there is any commercial production of any kind. It is in the experimental stage, but they are endeavouring to develop varieties that might be grown in this country.

The CHAIRMAN: Does that complete the evidence?

By Mr. Montgomery:

Q. How many beans are there in hills, so to speak, if they are dropped along the row?—A. When we plant, we usually like to get a spacing in the row of one or two inches apart.

Q. Very close.—A. That is close, but you must keep in mind to cultivate across the row, to keep the weeds down, you will destroy a certain percentage of the soybeans.

Q. You go across and not up and down?—A. Yes, with a harrow you go across the rows. With a rotary hoe, you go with the row. With a harrow, you cultivate until they are about four or five inches high.

By Mr. Castleden:

Q. Has there been any increase in machinery costs? I was wondering what production costs the farmer has to meet. Is there a possibility or a likelihood of an increase? Would the farmer use the ordinary farm machinery?—A. He uses the ordinary farm machinery in planting and cultivating. Practically all he needs is a combine, which is very well adapted to harvesting soybeans. There is no special machinery required.

Q. The market looks good. It looks like a good thing for a farmer to go into?—A. We believe that it has possibilities.

The CHAIRMAN: I think that this completes the evidence, and I want to thank you, Doctor Dimmock, on behalf of the committee, for coming here. I am sure that everybody will agree that it has been a very interesting morning, and we appreciate it very much.

The committee adjourned.

APPENDIX "A"

TABLE 1.—ACREAGE, PRODUCTION AND FARM VALUE OF SOYBEANS
1942-1953*

Year	Acres	Per acre	Total yield	Farm value
		bus.	bus.	\$
1953.....	216,000	20.4	4,400,000	12,000,000
1952.....	172,000	24.0	4,128,000	10,526,000
1951.....	155,000	24.8	3,843,000	10,568,000
1950.....	142,000	23.4	3,323,000	8,474,000
1949.....	103,800	25.1	2,605,000	5,887,000
1948.....	94,000	19.4	1,824,000	4,195,000
1947.....	61,000	18.2	1,110,000	3,397,000
1946.....	59,200	18.1	1,072,000	2,370,000
1945.....	46,000	18.3	842,000	1,600,000
1944.....	44,700	18.9	845,000	1,690,000
1943.....	47,000	18.6	874,000	1,573,000
1942.....	41,490	—	—	—

* From Agric. Statistics for Ontario, 1952.

TABLE 2.—SOYBEAN CRUSHINGS AND PRODUCTION OF SOYBEAN OIL AND MEAL*

Year	Quantity crushed	Oil produced	Meal produced
	bus.	lbs.	tons
1944.....	389,261	3,330,940	9,358
1945.....	973,178	8,566,975	23,203
1946.....	1,846,469	18,201,473	42,712
1947.....	2,701,702	27,052,473	62,975
1948.....	2,573,433	26,863,917	58,383
1949.....	4,508,138	45,963,471	105,314
1950.....	5,647,815	56,931,185	134,532
1951.....	7,483,382	73,513,281	177,982
1952.....	7,915,207	80,175,836	189,741
1953.....	8,627,700	90,570,000	206,582

* From Coarse Grains Quarterly, Bureau of Statistics, Ottawa, February, 1953 and D.B.S. memorandum, Vol. 5, No. 12, January 1954.

TABLE 3.—USE OF SOYBEAN OIL IN MARGARINE AND SHORTENING IN 1953*

	In margarine	In shortening
	lbs.	lbs.
Total oils used.....	86,173,000	136,724,000
Vegetable.....	78,064,000	76,067,000
Animal.....	29,000	48,183,000
Marine and fish.....	8,080,000	12,474,000
Soybean.....	41,724,000	39,370,000
Per cent of total.....	48	29
Per cent of Vegetable.....	53	52

* D.B.S. Memorandum, Vol. 5, No. 12, January 1954.

APPENDIX "B"

List of Witnesses heard by the Committee

1. *From The Canadian Wheat Board*

Mr. George H. McIvor, Chief Commissioner;
 Mr. William Riddell and Mr. W. E. Robertson, Commissioners;
 Mr. C. B. Davidson, Secretary;
 Mr. C. E. G. Earl, Comptroller.

2. *From The Board of Grain Commissioners for Canada*

Mr. D. G. McKenzie, Chief Commissioner;
 Mr. J. Vallance, Commissioner;
 Mr. R. W. Milner, Commissioner and Transport Commissioner;
 Mr. A. F. Dollery, Chief Grain Inspector;
 Dr. J. A. Anderson, Chief Chemist.

3. Mr. G. A. Mills, President, Saskatchewan Wheat Pool Employees' Association.

4. Mr. J. L. Phelps, President, and Mr. J. F. Gray, Executive Assistant, both of the Interprovincial Farm Union Council.

5. Mr. J. E. Brownlee, President, United Grain Growers Ltd.

6. Mr. Ben S. Plumer, President, Alberta Wheat Pool Association.

7. Mr. J. H. Wesson, President, Saskatchewan Wheat Pool Association.

8. Mr. Wm. J. Parker, President, Manitoba Pool Elevators.

9. Mr. Cecil Lamont, President, North-West Line Elevators Association.

10. Dr. F. Dimmock, Forage Crops Division, Central Experimental Farm.

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